



Daily Report

East Asia

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8 August 1990

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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Japan

Reportage on Middle East Situation Continues

Kuwait Military Role Rejected

OW0708115690 Tokyo KYODO in English 1146 GMT
7 Aug 90

[Text] Tokyo, Aug. 7 KYODO—Japan would be willing to assist an international effort to expel Iraq from Kuwait, but only in the form of after-the-fact rehabilitation and other nonmilitary assistance, a Foreign Ministry spokesman indicated Tuesday. Taizo Watanabe made the remarks in an ad hoc meeting with foreign correspondents, which was called to explain Japan's stance on the tense situation in the Middle East in the aftermath of Iraq's invasion of Kuwait last Thursday.

The spokesman made the remarks in reference to reports that the U.S. and Britain, which have established a strong naval presence in the Persian Gulf, are now discussing whether to organize an international force to blockade oil exports from Iraq and Kuwait. "We have made it clear that we will do whatever we can through nonmilitary means to maintain peace in any region in the world," Watanabe said.

"But if it is related to military actions, our constitution clearly forbids any sort of involvement on the part of Japan... Even if it is for peace-keeping efforts," he said. Rather, he explained, Japan could best make a contribution by providing the "measures and means of restoring peace in the region after the military operation is over." Watanabe skirted questions about the constitutionality of Japan's providing financial or other types of assistance to an international military operation against Iraq. A senior Foreign Ministry source said the issue falls into a sensitive gray zone. He added the proposition would most likely meet with strong opposition in the Diet.

Watanabe took pains to downplay criticism that Japan has been slower than other major countries in implementing sanctions against Iraq. "We have spent the minimum possible time in reaching this decision," he said, adding Japan is "quite proud and happy" to have come up with a set of strong sanctions in spite of the "large stake" involved.

The spokesman called on foreign observers to "grasp the importance and magnitude of sacrifice Japan has to go through in order to implement those measures." More specifically, he said it was "quite a sacrifice" for Japan to ban imports of oil from Iraq and Kuwait when the two countries account for some 11 percent of Japan's crude oil needs. Watanabe noted that Japan froze its economic assistance to Iraq in spite of its having been the largest bilateral donor of aid to that country in the recent past.

Meanwhile, he said, Japan's actions have temporarily foreclosed the possibility of repayment on Iraq's 700 billion yen debt to Japan. Japan had expected the Iraqi debt, which is mostly private, to be repaid through

exports of crude oil to Japan, he added. Watanabe said government insurance agencies are likely to suffer a "big hole in the pocket" due to the sanctions, not to mention the sacrifices to be made by various commercial interests.

In addition to suspending oil imports from Iraq and Kuwait and halting economic cooperation to Iraq, Japan has embargoed all exports to the two countries and suspended loans, investment, and other financial transactions. It has also frozen Kuwaiti assets in Japan. Watanabe denied that Japan, which depends on imports for over 99 percent of its oil needs, plans to press other oil producers to boost their exports to Japan in order to offset the losses from Iraq and Kuwait.

"At this moment we have plenty of oil in storage, we are not in a panic, and we do not foresee any need for any emergency action to be taken," the spokesman said. But he added that Japan would "have to do something" if the situation becomes prolonged. Watanabe said the government is "very much concerned" about the safety of the some 700 Japanese nationals in Iraq and Kuwait in light of veiled Iraqi threats against nationals of countries which have implemented sanctions. He said the Japanese Embassy in Kuwait has called on the estimated 272 Japanese nationals in Kuwait to assemble at the embassy and in nearby offices of Japanese companies.

Japan has pressed Iraq to facilitate their safe departure, as well as that of the more than 400 Japanese in Iraq, he added. Watanabe echoed U.S. President George Bush's recent remarks that reports of a phased withdrawal of Iraqi forces from Kuwait "were not proven by facts." He said Washington has not informed Japan of any intention to take imminent military action against Iraq, adding that Japan would normally receive advance notification of such a move. "We have to be prepared for any contingency—that is what we are doing right now," he said.

Two Oil Officials Evacuated

OW0708145390 Tokyo KYODO in English 1439 GMT
7 Aug 90

[Text] Tokyo, Aug. 7 KYODO—Two Japanese officials of Arabian Oil Co. based in Kuwait have been evacuated to Saudi Arabia on Monday, the Foreign Ministry said Tuesday. Foreign Ministry officials said they were informed by the Japanese Embassy in Kuwait the pair are the first Japanese residents in the country who have been evacuated from Kuwait since the Iraqi invasion last Thursday. The Japanese Embassy confirmed there are 272 Japanese in Kuwait and about 100 of have taken refuge in the embassy or the residences of the Kuwait bureau chiefs of Japan Airlines Co. and Mitsui and Co. at the instruction of embassy officials.

U.S. Troops Deployment Viewed*OW0808010490 Tokyo KYODO in English 2348 GMT
7 Aug 90*

[By Shiro Yoneyama: "U.S. To Send Troops to Saudi Arabia"]

[Excerpt] Washington, Aug. 7 KYODO—The United States is moving to send several thousand troops to Saudi Arabia to meet a potential threat from Iraqi forces, official sources said Tuesday.

Congressional sources said the U.S. Government notified congressional leaders of President George Bush's decision to dispatch the troops and military aircraft to oil-rich Saudi Arabia, which is fearful of a potential attack from the Iraqi troops occupying Kuwait.

But the White House and the Pentagon declined comment on the troop movement, which will be the first major U.S. troop deployment since the U.S. invasion of Panama last year. White House Press Secretary Marlin Fitzwater said "it's premature to discuss a blockade at this time."

A high-ranking Japanese diplomat said the Japanese Embassy has not been notified of the reported U.S. decision to militarily defend Saudi Arabia against possible Iraqi aggression.

"It seems that news of the U.S. troop deployment came out too early," the diplomat said. "I believe the U.S. will naturally notify us." The diplomat, speaking on condition of anonymity, said Japan and the U.S. have been in close contact with each other "through various channels." [passage omitted]

Tourists Arrive in Amman From Iraq*OW0808014890 Tokyo KYODO in English 0136 GMT
8 Aug 90*

[Text] Tokyo, Aug. 8 KYODO—Seventy-three Japanese tourists, stranded in Iraq following that country's invasion of Kuwait last week, arrived in the Jordanian capital Amman Tuesday night on an Iraqi Airways plane, according to a report reaching the Foreign Ministry from the Japanese Embassy in Amman.

The Boeing 727 jetliner, the first commercial plane allowed to leave Iraq, also carried two Belgians, a Spaniard, a Dutch citizen and an Italian as well as 34 members of an Iraqi football team.

The Japanese tourists are scheduled to continue on to Vienna, the Austrian capital, the report said. Forty-five other Japanese tourists remain stranded in Baghdad.

An official at the Japanese Embassy in Amman said the Iraqi authorities allowed only transit passengers to leave the country. All the Japanese tourists who flew to Vienna were on their way to Europe via Baghdad, according to the official. The official said the embassy has urged the Iraqi

Government to reopen Baghdad Airport and allow all Japanese to leave the country.

Sakamoto Declines To Comment*OW0808103090 Tokyo KYODO in English 1013 GMT
8 Aug 90*

[Text] Tokyo, Aug. 8 KYODO—Japan has received advance notice of the U.S. dispatching of several thousand troops to Saudi Arabia, Cabinet Spokesman Misoji Sakamoto said Wednesday. But Sakamoto declined to reveal Japan's position on the development. "The United States has made an independent decision, and Japan cannot comment on that," the chief cabinet secretary told a regular news conference.

On Tuesday, sources at the Japanese Embassy in Washington said they have not received notification of the U.S. decision to defend Saudi Arabia against possible Iraqi attack. Sakamoto declined to say when Japan was informed of the military deployment, which followed reports that Iraqi forces occupying Kuwait since last Thursday are massing on the Saudi Arabian border.

Meanwhile, a top Foreign Ministry official said Prime Minister Toshiki Kaifu's visit to Saudi Arabia and several other countries in the Middle East is likely to go ahead as scheduled on August 15-27. The official said the plans would only fall through in the event that the military situation escalates, namely if Iraq invades Saudi Arabia, or if it is deemed necessary for Kaifu to remain in Japan to direct government efforts for the safe evacuation of Japanese nationals from Kuwait and Iraq.

Kaifu will most likely not be formally conveying to his Middle East counterparts any messages from the leaders of countries of the West, the official said. The prime minister will rather explain the common stand on the Iraqi invasion of Kuwait that Japan shares with the West, he said speaking on condition of anonymity.

The official said the U.S. and Japan are in close contact on the Middle East situation, especially in light of the preparations being made for Kaifu's visit to the region.

On a statement by U.S. President George Bush scheduled for later in the day, the official said it is not likely to contain anything that Japan does not expect. He said the element of uncertainty lies instead with Iraqi leader Saddam Husayn, whose intentions are not predictable.

Citizen Said Missing in Kuwait*OW0808113690 Tokyo KYODO in English 1121 GMT
8 Aug 90*

[Text] Tokyo, Aug. 8 KYODO—The Japanese Foreign Ministry on Wednesday confirmed the whereabouts of 276 Japanese nationals in Kuwait, which was invaded last Thursday by Iraq, but officials said a Japanese trading company employee has been missing since Saturday.

Officials said the 49-year-old businessman, who went to Kuwait in late July on business and was staying in a

hotel, has not been heard from since he was last contacted by the Japanese Embassy on Saturday morning. They said embassy personnel are making efforts to find the man, who has been requested to keep in touch with the embassy in the wake of veiled threats by Iraq and its administrative proxies in Kuwait to move against the nationals of countries having implemented sanctions.

The officials added that the man, who was not identified "at the strong request" of his family in Japan, was not staying in the area of the Kuwaiti capital where Iraqi forces Monday rounded up Westerners from hotels and boarded them on buses.

Officials said 246 Japanese are presently holed up in the Japanese Embassy compound in Kuwait, including 161 men, 49 women, and 36 children. The figures include embassy staff and their dependents totaling 26 persons, they added.

Another 30 Japanese, including long-time residents and those with Kuwaiti spouses, continue to reside outside the embassy, they said. Officials said they have confirmed the presence of 394 Japanese nationals in Iraq, including 45 stranded tourists.

Officials noted that Japanese wishing to leave Iraq have not been able to do so as air routes out of Baghdad have been shut down. But 73 stranded Japanese transit passengers were permitted to leave Baghdad on Tuesday for the Jordanian capital of Amman aboard an Iraqi Airways flight, which also carried five Europeans. A top Foreign Ministry official denied that the action implied that special privilege has been extended to Japanese nationals.

The top official also broached the possibility of Prime Minister Toshiki Kaifu's August 15-27 Middle East tour being canceled if the government deems it important for him to remain in Japan to oversee efforts to secure the safety of Japanese nationals in Iraq and Kuwait.

Foreign Ministry officials said they are looking into the motivation behind the decision of the United States and Britain to advise their nationals in Saudi Arabia to leave the desert kingdom.

Officials said that so far the Foreign Ministry has only taken the preliminary step of attempting to confirm the whereabouts of Japanese nationals in Saudi Arabia, the United Arab Emirates (UAE), and Bahrain. [passage omitted]

President Bush Action Supported

*OW0808141790 Tokyo KYODO in English 1409 GMT
8 Aug 90*

[Text] Tokyo, Aug. 8 KYODO—Japan supports U.S. President George Bush's decision to dispatch American military forces to Saudi Arabia to deter Iraqi aggression and induce Baghdad to withdraw its invasion forces from Kuwait, the Foreign Ministry said Wednesday.

"We support the measures taken by the United States to move military forces into Saudi Arabia for defensive objectives at the request of the Saudi Government," said a senior official, reading from a prepared statement. The official was speaking just after Bush announced in a nationally televised address that the United States is sending troops and jet fighters to the desert kingdom "to preserve the integrity of Saudi Arabia and deter further Iraqi aggression."

"Japan hopes from the bottom of its heart that the situation will not escalate and that peace will be maintained," the official said. "It is our hope that the (U.S.) measures will contribute to this objective."

The official, speaking on condition of anonymity, said Japan will continue to join in international cooperative efforts "with a view to resolving this problem in the near future." While the official did not elaborate how Japan plans to further contribute to a solution, he said Japan is in no position to do so through military means, due to its constitutional ban on the overseas dispatch of its Self-Defense Forces.

A top Foreign Ministry official said earlier in the day that Japan has already done almost everything it can. He noted that Japan has frozen Iraqi and Kuwaiti assets in Japan, banned exports and imports from the two countries, as well as all forms of financial transactions, and suspended economic assistance to Iraq. The government has also employed "administrative guidance" to prevent air and sea freight companies from dealing with Iraq and Kuwait.

Foreign Ministry spokesman Taizo Watanabe said Tuesday Japan could make a contribution by providing "the means and measures for restoring peace in the region after a military operation is over."

Another official, commenting after Bush's remarks, said Japan will continue to join with the rest of the world in strongly criticizing Iraq for its invasion of Kuwait and in calling for its withdrawal.

"We are considering what we can do further," he said. Officials acknowledged that unlike some Western countries, Japan has yet to implement a ban on the entry of Iraq's flag carrier Iraqi Airways.

Kaifu To Ask Oil Output Increase

*OW0808050090 Tokyo KYODO in English 0425 GMT
8 Aug 90*

[Text] Tokyo, Aug. 8 KYODO—Oil-producing countries are unlikely to boost their oil output to offset the effects of an import ban on oil from Iraq and Kuwait, government sources said Wednesday. The sources also predicted that oil prices will inevitably rise in international markets.

The United Nations Security Council on Monday adopted a resolution calling on all member nations to

ban all imports, including oil, from Iraq and Kuwait following the Iraqi invasion of its Gulf neighbor last Thursday.

Oil-consuming nations, including Japan, have asked members of the Organization of Petroleum Exporting Countries (OPEC) to increase oil production to make up for any shortage caused by the embargo.

Japan, which imported 12 percent of its crude oil from Iraq and Kuwait last year, will continue to press its demand for more oil production through the international energy agency, the sources said. According to the sources, Prime Minister Toshiki Kaifu will also appeal to Arab countries to increase production during his 13-day Middle East tour starting August 15. Kaifu is scheduled to pay official visits to Turkey, Saudi Arabia, Oman, Jordan, and Egypt.

Bond Prices Rebound 'Steeply'

*OW0808095190 Tokyo KYODO in English 0815 GMT
8 Aug 90*

[Text] Tokyo, Aug. 8 KYODO—Japanese Government bond prices rebounded steeply Wednesday, boosted by a string of moderate buy-backs after news reports that Saudi Arabia and Venezuela have indicated their readiness to increase crude oil output.

The spot-sector benchmark No. 119 issue jumped 0.90 yen from Tuesday to 83.92 yen, with its yield declining 0.205 percentage point to 7.880 percent.

In futures trading, the bellwether September contract of 10-year government bonds recouped a hefty 1.09 yen to 91.10 yen for a yield of 7.563 percent, down 0.212 point.

A dealer at a medium-sized brokerage house said Japanese bonds had been sufficiently sold off and had reached attractive price levels, though close attention needs to be paid to the Middle East situation.

During Wednesday's futures trading, the turnover of the December contract exceeded that of the September deal for the first time, which the market interpreted as a virtual shift of the benchmark status to the December contract.

The trading volume of the December contract totaled 3,638.2 billion yen, against 3,346.5 billion yen for the September deal. The December futures deal ended the day at 91.20 yen with a yield of 7.543 percent.

Dealers said a degree of calmness had returned to the market as jittery participants were heartened somewhat by news that Saudi Arabia and Venezuela had indicated their willingness to raise their oil production. But a dealer at a long-term credit bank, still skeptical about the market's prospects, said the degree of activity showed that the majority of bond investors do not seem to have regained confidence in the market.

Most of the trading was sustained by dealer-to-dealer transactions, and few general investors seriously joined

the market. The price upswing for the day was mostly explained by solid buy-backs by dealers who regarded prices as attractively low, they said.

Report Predicts No Oil Crisis

*OW0808114190 Tokyo KYODO in English 1056 GMT
8 Aug 90*

[Text] Tokyo, Aug. 8 KYODO—The turbulence in the Persian Gulf following Iraq's invasion of Kuwait will not lead to another oil crisis in Japan, according to a report by a major oil company Wednesday. The document, obtained by KYODO NEWS SERVICE, said oil production by the Organization of Petroleum Exporting Countries (OPEC) is large enough to cover the reduction in Japan's oil imports from Iraq and Kuwait.

In a concerted action with Western governments, the Japanese Government has decided to stop oil imports from the two nations and impose other economic sanctions against Iraq.

The oil company, which asked not to be identified, said 11 other OPEC countries have potential to produce a combined 4,279,000 barrels per day (bpd) more than their quotas. This gives them 179,000 bpd more than the estimated 4.1 million bpd cut in imports stemming from the oil import ban. It also projected oil exporters will eventually increase output, though being reluctant to do so at present to restore oil prices. In a reversal of their initial decision, the United Arab Emirates (UAE) and Venezuela are reportedly moving to boost their oil production, along with Saudi Arabia.

The report also analyzed three possible developments of the dispute.

The first scenario, namely an Iraqi invasion of Saudi Arabia, seems impractical as Iraq does not intend to go into a war with the United States, it said. But it is equally unlikely that Iraq will accept a U.S. Security Council resolution calling for immediate unconditional withdrawal of its troops from Kuwait.

The report concluded that the most likely scenario is for Iraq, faced with financial troubles, to stay in Kuwait for the time being until it benefits from the action.

Defense Agency Comments

*OW0708135190 Tokyo KYODO in English 1335 GMT
7 Aug 90*

[Text] Tokyo, Aug. 7 KYODO—Soviet military forces have been upgraded with the latest high-tech equipment and continue to pose a threat to Japan's security, a top Self-Defense Forces (SDF) official warned Tuesday. Taizo Terashima, chairman of the Joint Staff Council on the Self-Defense Forces, sized up the Soviet threat in a meeting of the Security Council, the nation's top decision-making body on defense policy which is chaired by the prime minister.

The meeting covered trends in military technology development in the Soviet Union and military ties among nations in the world in order to formulate the defense buildup program starting next April. Terashima pointed out the Soviet forces in the Far East are being modernized and their defense capabilities boosted with sophisticated electronics gear and other high technologies. Progress is being made on developing land-based cruise missiles with improved guidance systems, he said.

The latest large-caliber guns and tanks will also be deployed in the Soviet Far East before long, he predicted. Nuclear-powered submarines that are faster and quieter now account for 60 percent of the Soviet Navy's entire submarine fleet. The Air Force also boasts fourth-generation MiG 29's and 31 jet fighters. Terashima added that the Soviets also have radar-evading Stealth warplanes.

During the meeting, the question was raised whether the Self-Defense Forces could rush to Kuwait to the rescue of Japanese residents stranded in the wake of Iraq's invasion of Kuwait. The Defense Agency, however, ruled out the likelihood of such an SDF deployment under existing laws. Other topics addressed in the meeting included the disintegration of the Warsaw Pact and the changing role of NATO following the unification of Germany. Growing demands from the United States that Japan shoulder a greater burden for meeting its own defense needs and the stationing of U.S. troops on Japanese soil were also examined.

Police Report Rising Crime by Foreign Nationals

OW0708060390 Tokyo KYODO in English 0231 GMT
7 Aug 90

[Text] Tokyo, Aug. 7 KYODO—Crimes by foreign nationals are on the rise in Japan as the influx of outside workers grows, the National Police Agency said in an annual report released Tuesday. The report on policing pointed to the need to strengthen police abilities to gather information, increase the number of interpreters, and gain international investigative cooperation to cope with crimes committed by foreign nationals. The report also noted there has been some friction between Japanese citizens and foreign workers in areas where there is a concentration of foreigner workers.

But the report does not contain data on the recent outflow of foreign workers which immigration officials estimate has topped 20,000. Those leaving were mainly from Pakistan, Bangladesh, and other Asian countries who left Japan before immigration controls were tightened in June. The 1990 report, "Rapid Increase of Foreign Workers and the Police Response," said the number of foreigners charged with criminal offenses rose to 2,989 last year from 782 in 1980. Serious crimes, including murder and robbery, increased from 15 in 1980 to 98 in 1989, and thefts from 576 to 2,689.

Among the problems encountered are language difficulties during questioning and the report said there is a need

for more police with the ability to speak and understand foreign languages, especially Thai, Tagalog, Urdu, and other Asian languages. More than 88.5 percent of the foreign nationals questioned on criminal matters in 1989 were from Asian countries, the report said. It also noted difficulties in identifying foreign nationals because some have used improper passports and some countries use different methods of registering identities which will require Japanese police to cooperate better with foreign authorities.

Among the lesser crimes involving foreign nationals last year, the report said 16,608 were detained for overstaying their visas or engaging in activities not allowed by their visa status. In 1984, only 4,783 foreign nationals were detained for similar offenses. The National Police Agency also pledged to crack down on job brokers who exploit foreign workers.

The report also carried a specific study of 948 foreign nationals suspected of illegal activities between January and April this year. Of them, 276 were later charged with criminal offenses, 177 with failing to register properly as aliens with local authorities, and 63 with violating immigration or other laws. Among those questioned were 157 Chinese, 72 South Koreans, 71 Filipinos, 51 Pakistanis, and 33 Thais. The average age of detained males was 29.8 years, detained females 28.6. Questioned on why they came to Japan, most said they had heard of good opportunities for work.

The police report also pointed out that Japanese brokers and recruiters, identified as "Yakuza" gangsters in some cases, were involved in some of the decisions by non-Japanese to come to Japan. On average, a person arriving in Japan needed 200,000 yen to make the trip—four years of average income in China and five years in Pakistan, the report said. In addition many of the men borrowed an average 315,000 yen and the women an average of more than 1 million yen from their Japanese brokers or employers. The largest portion of the men, 23.5 percent, worked in manufacturing, followed by 18.9 percent in construction. Thirty-six percent of the women worked in the hospitality industry.

Men sent home 1 million yen on the average during their average 1.8 years of stay before being detained, while women sent home an average 748,000 yen during the same period, the police report said. A poll conducted by a police agency affiliate, also cited in the report, said of 1,600 Japanese surveyed, 68.1 percent said they saw or heard of foreign residents who they believed did manual work contrary to Japanese immigration regulations. It added that 55.9 percent of those polled were worried the presence of foreign nationals nearby could lead to an increase in crime, harassment of women walking alone at night, or a lack of cleanliness in the neighborhood. Yet, 89.2 percent said they had no communication with their foreign neighbors and 74 percent said they were against or reluctant to make friends with them. Among 116 foreign residents polled, 52.6 percent said they have no Japanese friends near their home.

On the protection of foreign nationals, the report said police are considering the involvement of foreigners in local anti-crime groups or introduction of liaison officers like ones in Australia. It also said police are asking foreign nationals to quickly report to police any crimes or accidents which may occur to them.

Corporate Investment Setting Record Pace

OW0708120590 Tokyo KYODO in English 0838 GMT
7 Aug 90

[Text] Tokyo, Aug. 7 KYODO—The present corporate investment boom in Japan is expected to match the record set in the nation's longest period of economic expansion in the 1960s, the Economic Planning Agency (EPA) said Tuesday. Though the data for the final quarter of fiscal 1990, ending next March 31, is not yet available, the agency said projections so far show that it is expected to mark the fourth year in which corporate investment maintains a double-digit increase.

The longest spending boom so far was during the so-called "Izanagi" period of economic expansion from November 1965 to July 1970. The agency said in a quarterly survey that Japanese industry plans a 2.9 percent increase in spending on plant and equipment from July to September and 2.7 percent more in the following quarter, compared with a 2.0 percent growth in the April-June period. The estimated 2.7 percent growth for the October-December quarter will bring the spending increase for the whole calendar year of 1990 to 15.9 percent, compared with a 26.5 percent increase last year and a 21.7 percent growth in 1988.

The survey is the result of a questionnaire circulated in June to 4,490 Japanese companies capitalized at 100 million yen or more, which drew responses from 4,296 companies, or 95.7 percent. Asked to comment on how corporate investment activities will be affected by the ongoing turbulence in the Middle East, an agency official said that the impact will be minimal and most companies will go ahead with their original plans. "The turmoil will have impact on sentiment about how long the current economic growth will continue, but not on capital spending activities, since the relations between the sentiment and investment plans has been increasingly weakening recently," the official said.

The survey also showed that Japan's business managers expect a slight downturn in the momentum of the nation's economic growth toward the end of the year. The Business Survey Index (BSI), a barometer of corporate sentiment regarding business conditions, stood at minus six for the October-December quarter, compared with plus six in the July-September period and plus four in the preceding three months. But agency officials played down the poor figure, saying it will eventually be revised upward, just as the estimate for the July-September period, which was originally minus four, has been revised into the plus column.

The index, worked out by subtracting the percentage of companies expecting an economic growth from that of companies bracing for a contraction, stood above the break-even point in 14 out of 18 manufacturing sectors surveyed for the July-September period but in only two from October to December. In nonmanufacturing industry, the index was in the plus column in one out of 10 sectors for the October-December quarter, compared with nine from July to September. Despite the forecast of slower economic growth, however, many managers expect the sales and earnings of their companies to improve in the second half of 1990, the survey showed. The BSI index for sales stood on the plus side in the October-December period for the 13th consecutive quarter, the officials noted. Regarding price trends, managers expect materials prices to rise in the second half this year but that prices for manufactured products will remain on the decline, according to the survey.

North Korea

Further on N-S Moves Toward Pan-National Rally

Third Preliminary Contact Ends

SK0708153290 Pyongyang KCNA in English 1514 GMT
7 Aug 90

[Text] Pyongyang August 7 (KCNA)—The third preliminary contact for the preparation of the Pan-National Rally for Peace and Reunification of the Country closed here today.

A press conference was arranged for home and foreign reporters upon the successful conclusion of the contact.

According to it, present at the two-day preliminary contact on the North side were head of the North side's delegation to the contact Chon Kum-chol, vice-chairman of the North side's preparatory committee for the Pan-National Rally, and Son Chong-chol, Cho Sang-ho, Kim Tong-kuk and Kang Chi-yong, members of the committee, and on the overseas side were Im Min-sik, general secretary of the overseas Koreans' promotion headquarters for the Pan-National Rally and head of the delegation of the headquarters, No Kil-nam, Central Committee member of the promotion headquarters in North America for the rally and deputy head of the delegation, Kim Chong-pu, executive member of the promotion headquarters in Japan for the rally and managing director of the delegation, Sin Kui-song, executive member of the promotion headquarters in Japan and spokesman of the delegation, and members of the delegation Chae Chong-man, representative of the preparatory committee in the Soviet Union for the rally, and Choe Yong-hui and Choe Un-pok, delegates of the preparatory committee in China for the rally.

The contact was virtually held in the form of tripartite talks since the South side's delegation authorized the overseas Koreans' delegation to convey its intentions,

although it failed to take part in the contact owing to the South Korean authorities' obstructions.

At the contact the points of agreement reached at the first Berlin and the second Seoul preliminary contacts for the preparations of the pan-national rally were confirmed again and the program for a successful holding of the rally was discussed.

The contact finally confirmed the name and date of the rally, its venue and agenda, qualification for participation, functions and procedural formalities of the rally, and so on, reached a unanimity of views on them and seriously discussed the question of the venue proposed by the South side's promotion headquarters.

A joint declaration of the final agreement at the third preliminary contact for the pan-national rally which was adopted at the contact and a joint statement of the delegations and delegates of the North side and overseas Koreans denouncing the South Korean authorities' anti-national, anti-reunification act in having blocked the way of the delegation of the South side's promotion headquarters to the third Pyongyang preliminary contact were read out at the press conference.

North Urges Team's Safety

*SK0708154290 Pyongyang KCNA in English 1526 GMT
7 Aug 90*

[Text] Pyongyang August 27 (KCNA)—Yon Hyong-muk, premier of the Administration Council of the DPRK, today sent a telephone message to the "prime minister" of South Korea, urging him to immediately take measures for guaranteeing the personal safety of the consolation team of the Korean committee of struggle for the release of Yim Su-kyong, in accordance with official procedures.

The authorities of your side have no reason or ground to refuse the offer of the consolation team to visit Seoul as they announced that they would unilaterally open South Korea at least for five days around August 15 and allow anyone, if he wants, to visit any part of South Korea and meet any people, the message noted, and said:

I am very disappointed that your side, however, even refused to receive our letter and telephone message.

I think that if the "grand inter-Korean exchanges of people" and "free travel" proposed by your authorities are true, they should take a resolute decision not later than now to ensure the trip to the South side of the consolation team for Yim Su-kyong.

The Korean committee of struggle for the release of Yim Su-kyong has already decided to send a consolation team including reporters on August 14 to the South side's area through Panmunjom.

Now that your authorities publicly declared that they would guarantee the personal safety, conveniences and safe return of all people who would visit South Korea

during the "grand inter-Korean exchanges of people," it would be enough for them to honor their own words.

Believing that you will guarantee without any condition the personal safety and conveniences of the consolation team of the Korean committee of struggle for the release of Yim Su-kyong during its stay in the area of the South side, I wish you to immediately take measures for guaranteeing the personal safety of the consolation team of our side in accordance with official procedures.

South Sends Gifts to North

*SK0808050690 Pyongyang KCNA in English 0447 GMT
8 Aug 90*

[Text] Pyongyang August 8 (KCNA)—The South side's promotion headquarters for the pan-national rally with the "coalition for national democratic movement" [National Democratic Alliance of South Korea] (Chon-minnyon) of South Korea with its centre sent gifts to the delegates of the North side's preparatory committee for the pan-national rally who participated in the third preliminary contact.

Kim Chong-pu, executive member of the promotion headquarters in Japan for the pan-national rally and managing director of the overseas promotion headquarters, Tuesday handed the gifts to Vice-Chairman Chon Kum-chol, head of our side.

Among them are a poster "blood-donating procession" depicting Korean people waiting in a row to donate their blood to the Kwangju resistance fighters, a work by Hong Song-tam, a painter of the "National Alliance of the Fine Art Movement for the Nation and People" who has been put behind bars by the fascist authorities, a poster showing the inauguration of the South side's promotion headquarters for the pan-national rally, a notebook of Chondaehyop [National Council of University Student Representatives], etc.

Gifts to Overseas Headquarters

*SK0808050890 Pyongyang KCNA in English 0450 GMT
8 Aug 90*

[Text] Pyongyang August 8 (KCNA)—Gifts of the North side's preparatory committee for the pan-national rally were presented Tuesday to members of the overseas promotion headquarters who had attended the third preliminary contact in Pyongyang.

Vice-chairman Chon Kum-chol, authorized by the North side's preparatory committee, presented the gifts to Im Min-sik, general secretary of the overseas promotion headquarters for the pan-national rally and head of its delegation, and other members of the overseas side's delegation.

Rally To Be Held as Scheduled

SK0808055090 *Pyongyang KCNA in English 0515 GMT*
8 Aug 90

[Text] Pyongyang August 8 (KCNA)—The pan-national rally will be grandly held as scheduled without fail as a festival for national reunification, however desperately the South Korean puppets may try to frustrate it, says MINJU CHOSON in a commentary today.

Recalling that the delegates of the South side's promotion headquarters failed to participate in the third preliminary contact for the preparation of the pan-national rally which was held in Pyongyang on August 6 and 7 owing to the South Korean authorities' operation of blockade at the initial stage, the news analyst says:

This is a very regrettable thing.

The No Tae-u group let loose thousands of police troops and set up even barricades in an effort to bar a few delegates from coming to Pyongyang for a successful holding of the Pan-National Rally for Peace and Reunification of the Country, and used tractors to drag along vehicles carrying the delegates. This eloquently showed that their glib talk about "grand inter-Korean exchanges of people" and the "followup step" was a bald-faced lie.

No matter how stubbornly and maliciously the South Korean rulers may try to block the pan-national rally, they can never foil the rally which will raise its curtain as a festival for national reunification.

The South Korean rulers must act with discretion before it is too late, clearly mindful that their attempts to frustrate the rally will only reveal their true color as separatists and political mountebanks and invite curses from the people.

'Non-Governmental-Level' Dialogues Said Needed

SK0808052890 *Pyongyang KCNA in English 0452 GMT*
8 Aug 90

[Text] Pyongyang August 8 (KCNA)—For an independent, peaceful reunification of the country, it is necessary to broadly hold non-governmental level dialogues between the people of all walks of life along with dialogue between the authorities of the North and the South of Korea, says NODONG SINMUN today.

The news analyst notes:

The multi-faceted development of non-governmental-level dialogues is an excellent way of stepping up national unity and reunification.

There is no ground of distrust, misunderstanding and confrontation between the peoples in the North and the South who earnestly desire the reunification of the country [no closing punctuation as received]

If people meet and hold dialogues, they can easily come to understanding and reach a consensus and, furthermore, turn the atmosphere of confrontation into an ambience of unity.

The problems pending between the authorities can be solved without difficulties as well.

After all, to open the door of non-governmental dialogues is as good as connecting the broken ties of the nation and paving the road of national unity and reunification.

The argument for "unified channel of dialogue" to bar non-governmental -level dialogue is to oppose reunification.

If the South Korean authorities are really willing to achieve reunification, they must refrain from blocking the participation of the "coalition for national democratic movement" [National Democratic Alliance of South Korea] (Chonminnyon) and other national democratic organisations of the people of all walks of life desirous of the independent and peaceful reunification of the country in the pan-national rally.

They must also open the door of non-governmental-level dialogues between the people of various strata along with dialogue between the authorities.

Refusal To Allow Yim Consolation Team Decried

SK0808054290 *Pyongyang KCNA in English 0504 GMT*
8 Aug 90

["Challenge to Fraternity and Humanitarianism"—KCNA headline]

[Text] Pyongyang August 8 (KCNA)—The South side refused to accept our offer to send a consolation team for Yim Su-kyong under an unreasonable pretext. This is a downright challenge to the fraternity and humanitarianism of our people, says NODONG SINMUN and MINJU CHOSON today.

The news analyst of NODONG SINMUN says:

Our offer raises no problem in view of No Tae-u's "special announcement" on July 20.

In his "special announcement" he said that five days from August 13 to 17 would be a period of "grand inter-Korean exchanges of people" and anyone would be allowed to visit any place and meet anybody whom he wants to meet.

Our offer conforms with his "announcement" in the date, place and object.

But the South Korean authorities are now laying down conditions for the travel, saying our offer "goes against the spirit of the 'special announcement'" and "is not helpful to the improvement of the relations". This is a preposterous assertion which does not go down with anyone and a stopgap measure.

Our letter and telephone message concerning the offer to send a consolation team to woman student Yim Su-kyong were addressed to the South Korean chief executive who made the "special announcement", not to the Red Cross or the "unification minister". Therefore, the chief executive, No Tae-u himself, must answer them and clarify whether or not his July 20 "special announcement" is a lie.

As long as there is no other expression of his stand by the South Korean person in authority, our offer will remain effective and we will make efforts till it was put into practice.

Meanwhile, the news analyst of MINJU CHOSON says the South Korean authorities, before it is too late, must accept our offer to send a consolation team of the Korean committee for the release of Yim Su-kyong and, further, set the woman student free without delay.

Kim Il-song Meets With Cambodia's Sihanouk

SK0808110090 Pyongyang KCNA in English 1018 GMT
8 Aug 90

[Text] Pyongyang August 8 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea received today His Royal Highness Samdech Norodom Sihanouk, president of Kampuchea [Cambodia].

On hand were Vice-Premier and Foreign Minister Kim Yong-nam and Ambassador Extraordinary and Plenipotentiary of the Kampuchean Embassy here Son Chhum.

President Kim Il-song conversed with His Royal Highness Samdech Norodom Sihanouk in a warm and friendly atmosphere.

He arranged a luncheon in honour of His Royal Highness Samdech Norodom Sihanouk.

Kim Yong-sun Meets Chinese Party Delegation

SK0708045890 Pyongyang KCNA in English 0441 GMT
7 Aug 90

[Text] Pyongyang August 7 (KCNA)—Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, Monday met and had a friendly talk with the party workers' delegation of the Communist Party of China headed by Xu Ruixin, deputy director of the General Office of the Central Committee of the Communist Party of China.

Present there were an official concerned and charge d'affaires ad interim of the Chinese Embassy here Jiang Zhengcai.

Activities Set To Mark Cuban Solidarity Month

Friendship Gathering Slated

SK0708045390 Pyongyang KCNA in English 0439 GMT
7 Aug 90

[Text] Pyongyang August 7 (KCNA)—The Committee for Cultural Relations with Foreign Countries and the Korea-Cuba Solidarity Committee Monday arranged a friendship gathering with officials of the Cuban Embassy here on the month of solidarity with the Cuban people.

Invited there were Cuban Ambassador Juan Jose Leon Vega and his embassy officials.

Chong Song-nam, minister of external economic affairs and chairman of the Korea-Cuba Solidarity Committee, O Mun-han, vice-chairman of the Committee for Cultural Relations with Foreign Countries and other personages concerned were present.

Speeches were exchanged at the gathering which proceeded in a friendly atmosphere.

The participants saw a Korean feature film.

Meeting With Veterans Arranged

SK0808054690 Pyongyang KCNA in English 0509 GMT
8 Aug 90

[Text] Pyongyang August 8 (KCNA)—A meeting was held Tuesday at the victorious Fatherland Liberation War Museum between DPRK heroes who had performed heroic exploits in the Korean war and officials of the Cuban Embassy here on the occasion of the "month of solidarity with the Cuban people".

The meeting was addressed by Major General Kwon Hyok-chang, a DPRK hero, who, as a platoon leader, had fought bravely on the Height 1211 during the Fatherland Liberation War, contributing to repelling the enemy and winning victory of the unit in battle, and by Major General Kim Song-chin, a DPRK hero, who silenced the enemy pillbox with his burning breast to make a breakthrough for a charge of his unit in an attack on the Height 565.7. [number as received]

They pointed to the great vitality of the chuche-based military ideas and unique strategy and tactics of the respected leader Comrade Kim Il-song and said that under his wise leadership the soldiers of the Korean people's Army, with unfailing loyalty to the party and the leader and warm love for the country, displayed matchless gallantry and self-sacrificing spirit in battlefields deciding the destiny of the country, and defeated the enemy and won a shining victory. If the U.S. imperialist aggressors provoke another war in Korea, oblivious of the lessons of history, the heroic Korean people's Army will crush them at one blow and accomplish the historical cause of national reunification.

Cuban Ambassador Juan Jose Leon Vega made a speech at the meeting.

The Korean people defeated the U.S. imperialist aggressors and won great victory in the past Fatherland Liberation War and the U.S. imperialists could not but sign the Armistice Agreement at last, he stressed.

Referring to the attack on the Moncada Barracks in Cuba in 1953, he said: The two peoples are now making vigorous advance, holding high the banner of socialism, under the guidance of the great leaders and under the leadership of their parties.

The guests saw round the museum before the meeting.

Peruvian Party Head Meets Vice-Minister Song

SK0708045190 Pyongyang KCNA in English 0436 GMT 7 Aug 90

[Text] Pyongyang August 7 (KCNA)—Jorge del Prado, general secretary of the Central Committee of the Peruvian Communist Party (PCP), on August 1 wished great success to the Korean people's struggle to realize the reunification of the country in accordance with the policy advanced by the great leader Comrade Kim Il-song when he met Vice-Minister of Foreign Affairs Song Ho-kyong who had attended the presidential inauguration of Peru as a special envoy of the Government of the Democratic People's Republic of Korea. The Peruvian Communist Party will express firm solidarity with the Korean people's cause of national reunification, he said.

Noting that the PCP is being greatly inspired by the victorious advance of socialism of Korean style based on the most solid and firm material foundations, he wished the Workers' Party of Korea new progress in its effort to consolidate and develop socialism.

Peruvian Official Sends Solidarity Message

SK0708050390 Pyongyang KCNA in English 0447 GMT 7 Aug 90

[Text] Pyongyang August 7 (KCNA)—Comrade Kim Il-song, general secretary of the Central Committee of the Workers' Party of Korea and president of the Democratic People's Republic of Korea, received a message of solidarity from Rolando Brena Pantoja, president of the Executive Committee of the National Left Revolutionary Union of Peru, on the occasion of the 37th anniversary of the victory of the Korean people in the fatherland liberation war and the June 25-July 27 month of international solidarity with the Korean people.

The message says:

The U.S. imperialists provoked a war of aggression to dominate the whole of the Korean peninsula, but they tasted a bitter defeat for the first time in history and the war ended with the victory of the Korean people.

The victory of the Korean people in the fatherland liberation war greatly inspired all the peoples of the world fighting in defence of independence.

The message expresses full support to the new five-point policy of national reunification clarified by Comrade Kim Il-song.

Kim Il-song Sends Message to Colombian President

SK0708110490 Pyongyang KCNA in English 1017 GMT 7 Aug 90

[Text] Pyongyang August 7 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea today sent a message of greetings to Cesar Gaviria Trujillo upon his assumption of office as president of the Republic of Colombia.

Expressing the belief that the friendly and cooperative relations between the two countries will grow stronger and develop in accordance with the idea of independence, peace and friendship, the message wishes the president big success in his work for the stability of the country, democracy and the building of a new society.

Kim Yong-nam Meets With Seychellois Delegation

SK0708152090 Pyongyang KCNA in English 1511 GMT 7 Aug 90

[Text] Pyongyang August 7 (KCNA)—A Seychellois Government delegation led by Danielle de St. Jorre, minister for planning and external relations, arrived here today to visit Korea at an invitation of the DPRK Government.

The delegation was met at Pyongyang railway station by Kim Yong-nam, vice-premier of the Administration Council and minister of foreign affairs, and officials concerned.

Delegates Feted

SK0808053690 Pyongyang KCNA in English 0457 GMT 8 Aug 90

[Text] Pyongyang August 8 (KCNA)—The government of the Democratic People's Republic of Korea gave a reception last evening for the government delegation of the Republic of Seychelles.

Vice-Premier and Foreign Minister Kim Yong-nam spoke first at the reception.

Pointing out that Korea and Seychelles are sincerely supporting and cooperating with each other for the accomplishment of the cause of independence, he said:

This is a main feature in the relations between the two countries.

Four rounds of meetings between the great leader Comrade Kim Il-song and respected His Excellency President France Albert Rene laid a solid bedrock for the development of the relations between the two countries.

Today, the Seychellois people are making big strides forward in the work to attain social security and national

unity and build Seychellois-style socialism under the leadership of respected His Excellency President France Albert Rene.

We highly estimate them.

The speaker reaffirmed the DPRK's support and solidarity for the Seychellois people's struggle to have the foreign military bases dismantled in the Indian Ocean and convert the region into a peace zone.

Head of the delegation Danielle de St. Jorre, minister of planning and external relations of the Republic of Seychelles, spoke next. He said:

Through the current visit, I would like to extend greetings of friendship and solidarity of the Seychellois people to Comrade President Kim Il-song and the dear leader Comrade Kim Chong-il, to the Workers' Party of Korea, the Government and people of the Democratic People's Republic of Korea.

I hope that during my visit I will see the achievements made by the people of the DPRK under the wise guidance of the great leader and the Workers' Party of Korea.

The relations between our two countries are special ones based on trust, solidarity and mutual respect.

Voicing support to the efforts of the Korean people to create a precondition for the peaceful reunification of the country, the speaker stated: The proposal for holding the North-South top-level conference involving heads of authorities and leaders of political parties, which was put forward by the DPRK some time ago, was made in this direction.

The proposal for founding the democratic confederal republic of Koryo is the only just one for settling the Korean problem.

The constructive initiative for turning the Korean peninsula into a nuclear-free, peace zone will evoke due response, the speaker said, stressing: We fully support this initiative.

Article Stresses North's 'Superior Socialism'

SK0708065390 *Pyongyang Domestic Service in Korean*
0006 GMT 7 Aug 90

[NODONG SINMUN 7 August special article: "Our Country's Socialism Is a Superior Socialism Built According to the Demands of the Popular Masses for Independence"]

[Text] The great leader Comrade Kim Il-song, in his immortal classical work "Let Us More Highly Display the Superiority of Our Country's Socialism," elucidated the superiority of the socialism of our country embodying the *chuche* idea, proclaiming that our socialism is socialism creatively built according to the demands of the popular masses for independence.

The great leader Comrade Kim Il-song has taught: Remodeling all fields of society creatively according to the demands of the *chuche*-oriented popular masses for independence is the fundamental direction to build man-centered socialism. Our party and the government of the Republic have firmly and consistently maintained the independent and creative position in the entire course of socialist construction, thoroughly implementing the line of independence, self-reliance, and self-defense.

To build man-centered socialism, we should maintain the principle of solving all the problems arising in the revolution and construction creatively according to the demands of the popular masses for independence. Man-centered socialism is a society in which the popular masses are true masters of society and in which everything in the society serves the interest of the popular masses. All the conditions enabling the popular masses to live and develop themselves as masters of society are provided by a nation state as a unit. For this reason, maintaining an independent and creative position in the revolution and construction in each country is a fundamental direction to build a man-centered socialism.

The revolution in each country takes place by the demands for independence of the people of that country, and is pushed ahead by their creativity. The socialist system which is not based on the independent will of its people and its *chuche*-oriented revolutionary force cannot exert its vitality. If the principle of *chajusong* is not embodied in the revolution and construction, we cannot be free from foreign forces' domination and interference.

Maintaining the principle of *chajusong* in the revolution and construction is the fundamental factor that defines the vitality of socialism. The socialism of our country is an independent socialism built in our own style which we have chosen and built for ourselves. Herein lies the uniqueness, superiority, and eternal vitality of the socialism of our country.

The ideology on socialism has rapidly spread since the early 1920's in our country. However, the maneuvers of the factionalist flunkeyists trying to copy others' ideas and examples blocked the way to correct socialism. At that very time, the respected and beloved leader Comrade Kim Il-song founded the great *chuche* idea, creating a new era of socialism in our country. With the founding of the *chuche* idea, our people parted with the old ideas and found a way to the unique socialism of our own style which conforms to the demands of the *chajusong* era and the specific reality of our country.

The *chuche* idea requires that we solve independently all the problems arising in the revolution and construction in conformity with the demands and in the interest of our people and creatively based on the strength of our people. By upholding the *chuche* idea as a guiding policy, our party and people could build the superior socialism of our own style in this land.

Our country's socialism is an independent socialist system which was built by our people for themselves according to our people's will and desire and in conformity with the reality of our country. Our party built the people's government according to the *chuche*-oriented line of building the people's government soon after national liberation, and repelling all sorts of maneuvers of the factionalist flunkeyists and implementing various democratic reforms, it built a people's democratic system of our own style.

Our party and people developed the people's democratic system, solved the problems of the socialist regime, and remodeled the economic system to suit socialism, before instituting technological remodeling, while carrying on difficult post-war rehabilitation, thereby building a socialist system of our own style.

Our country's socialism is an independent socialism which thoroughly embodies the principle of *chuche* in ideology, *chajusong* in politics, self-reliance in economy, and self-defense in national defense. The *chuche* idea elucidates that only the society which is built and developed independently can become the most vital socialism that firmly provides the popular masses with the position of masters.

By thoroughly establishing *chuche* in ideology, our party comprehensively established the spirit of national independence among the people. The popular masses are those who are charged with the revolution and construction. Only when the popular masses are firmly armed with the spirit of independence, can they build an independent society. Through the struggle to establish *chuche* in ideology, our people have been completely liberated from such old ideas as national nihilism, flunkeyism, and dogmatism. By adopting the *chuche* idea as firm faith, highly exerting the patriotic devotion and the revolutionary spirit of self-reliance, they are building socialism successfully for themselves.

In particular, under the wise leadership of the dear Comrade Kim Chong-il, all the people came to have high national pride. This enabled the people to wage the struggle to establish *chuche* in ideology on a higher plane and to bring forth a fundamental change in their ideological and spiritual ethos.

The superiority of socialism is, above all, the superiority of ideology, and the solidity of socialism is the solidity of the ideological faith. The imperialists are now spreading reactionary bourgeois ideology and culture, desperately attempting to demolish the socialist countries from within. However, this can never shake the spirit of independence of our people who cherish the *chuche* idea as revolutionary faith, nor can it stop the struggle of our people to independently pioneer their destiny.

By firmly maintaining the principle of *chajusong* in politics, our party and people are building socialism most straightforwardly along the unique road. Since all the problems in the revolution and construction depend

directly on politics, the destiny of the revolutionary cause will depend on political *chajusong* after all.

Our party implements politics which adheres to our people's national independence and sovereignty, defends our people's interests, and depends on the strength of our people. The foundation of politics is defining and executing policies. Our party and people independently define and thoroughly implement the line of building socialism and communism based on the *chuche* idea. The original line of building socialism and communism elucidated by the *chuche* idea is occupying both the ideological and political fortress and the material fortress, and strengthening the people's government and thoroughly carrying out the three revolutions—ideological, technological, and cultural—to this end. It also defines firmly strengthening the main force of the revolution and enhancing its leadership role by firmly realizing the party's leadership as the fundamental principle which should be consistently maintained in the socialist and communist construction.

Because our party adhered to the *chuche*-oriented revolutionary line and defined and executed all the policies independently, we have always trodden the road straightforwardly in socialist construction without deviation, attaining shining victory.

In the economic domain, our party and people have thoroughly adhered to the principle of self-reliance and have, thus, built a self-reliant national economy. Economic self-reliance is a prerequisite for building a powerful and dignified socialism. Moreover, under circumstances in which the imperialists are stepping up economic blockades against the revolutionary countries on the one hand and in which they are cunningly maneuvering to buy off the socialist countries while showing small purses on the other, achieving economic self-reliance is a vital issue that determines the destiny of socialism.

Only when we build an economy that can move by itself can we frustrate the imperialists' maneuvers, preserve the dignity of the country and nation, and maintain the socialist principles. Throughout the process of building socialism, our party and people have adhered to the principle of self-reliance and have, thus, built a *chuche*-oriented economy of the greatest vitality that serves our people and that guarantees the material demand of the country and people without relying on others. Therefore, our country is not shaken at all by any external economic upheaval. Our self-reliant economy is a powerful economy that has great potential for production, an economy that is developing in the most stable manner and that can produce anything that it needs.

In the domain of national defense, our party and people have thoroughly adhered to the principle of self-defense and have, thus, built invincible self-defensive armed

forces. A country that has not built powerful revolutionary armed forces cannot escape from the imperialists' aggression and subjugation to them or defend independence and peace. We have chosen not to rely on other people in defending the country by allowing foreign troops and bases to be based in the country. Our country put forth a line on building a self-defensive national defense capability and has built a good defense capability in order to counter the imperialists' armed aggression.

Today, even under stern circumstances in which the imperialists have stepped up antisocialist maneuvers on an unprecedented scale and in which the enemy has launched desperate offensives against our Republic, our people have been able to actively counter the turbulent tide of history without any deviation. We have been able to do so because, by adhering to the principle of self-defense in defending the country, we have acquired a capability of a watertight national defense that cannot be provoked by anyone. In history, no one else but our people have built socialism, through belt-tightening and arduous struggles, from the ruins of total destruction and under a harsh environment in which the danger of war has been constantly hovering.

Because the socialism of our style is a socialism that we have independently, creatively built by ourselves according to the situation of our country after overcoming all forms of trials in history, it has become an invincible fortress about which any political rule or interferences, economic and technological pressures or buying out, or nuclear blackmailings or military threats can do nothing.

Not only the world's revolutionary people, but also even politicians in capitalist countries recognize the independent nature and might of our country's socialism. In a recently published article, a foreign politician said that North Korea will advance without being shaken under any circumstances. He said: Already in 1955, President Kim Il-song delivered a speech on firmly establishing *chuche*. North Korea is carrying out the revolution and construction not according to the styles of other countries but according to its own style. Because even cadres in North Korea were those who waged anti-Japanese or anti-U.S. struggles, North Korea will vigorously advance toward communism despite any stormy winds.

Truly, our socialism is an independent socialism that has thoroughly wiped out all forms of rule and subjugation by thoroughly adhering to the principle of independence in every stage and domain of the revolution and construction and that has, thus, provided the popular masses with the position of masters of state and society. We must cherish deep in our hearts pride in building superior socialism under the wise leadership of the party and leader and must positively make efforts to more highly display the superiority of our country's socialism.

Editorial Emphasizes Increase in Consumer Goods

SK0708224090 *Pyongyang Domestic Service in Korean*
0007 GMT 3 Aug 90

[NODONG SINMUN 3 August editorial: "Let Us Continue To Vigorously Launch the 3 August Campaign for Production of People's Consumer Goods"]

[Text] Today, our people mark the sixth anniversary of the 3 August campaign for production of people's consumer goods, which was launched by our party.

At this time, as our people launch the struggle with upsurged spirit to uphold the letter sent by dear Comrade Kim Chong-il to those who participated in the national meeting on light industry, they mark the significant anniversary. Thus, they warmly feel our party's wise leadership which has made rapid progress in producing people's consumer goods.

We have made great progress for the last six years by launching a mass struggle, while upholding the party's call to us to turn out in the 3 August campaign for production of people's consumer goods. In addition, now, this campaign has had great success in carrying out the revolution in light industry. For the last six years, the production and kinds of the 3 August people's consumer goods have been greatly increased. In addition, their quality has been further improved. As a result, the working people have enjoyed the consumer goods.

Work teams to concentratedly produce 3 August people's consumer goods and ranks to produce consumer goods have been greatly expanded. This clearly shows the justness of our party's measures for launching the 3 August campaign for production of people's consumer goods and the great vitality of this campaign.

Comrade Kim Chong-il, member of the Political Bureau Presidium and secretary of the party Central Committee, has noted: We should produce much more varied kinds of people's consumer goods with good quality by constantly and vigorously launching the 3 August campaign for production of people's consumer goods.

Today, the working people's demand for people's consumer goods have been further diversified. In addition, their demand for quality and quantity of people's consumer goods have been constantly raised.

As society develops and the life standard of the working people improves, their constant and great demand for various kinds of people's consumer goods cannot be successfully met only with the strength of major light industry plants. Thus, only when the campaign for production of people's consumer goods is launched as a mass movement can their demands be successfully met.

The 3 August campaign for production of people's consumer goods is an extensive and vigorous mass movement which makes it possible to decisively increase production of various people's consumer goods on the basis of the initiatives of the masses and by efficiently mobilizing and

utilizing inner reserves. Only when this campaign, which was begun by our party, is carried out constantly and vigorously can we continue to expand the production of consumer goods in both quality and in quantity. In addition, we can carry out the party's intention to smoothly meet the people's material and cultural demands, including their detailed demands for life.

Our party demands that a new turn be effected in production of people's consumer goods by constantly and vigorously carrying out the campaign, in conformity with the fact that the revolution in the light industry has been further carried out in the first year of the 1990's. All the functionaries and working people, upholding the party's intention, should constantly give impetus to the 3 August campaign for production of people's consumer goods.

What is more important in vigorously launching the 3 August campaign for production of people's consumer goods is to lead broad segments of the masses to participate in this campaign. As in all mass movements, only when broad segments of the masses are organized and mobilized can the 3 August campaign for production of people's consumer goods be vigorously promoted. Locals, plants, and enterprises should positively work to have more people participate in the campaign.

Single-heartedly upholding and following the party are the unanimous ideology and emotion of our people. Cities, counties, districts, plants, and enterprises should profoundly explain the party's noble intention of the 3 August campaign for production of people's consumer goods and the party's demand for launching this campaign—explain it constantly and vigorously among the party members and the working people. By so doing, they should lead the party members and the working people to devote all their wisdom and strength to the production of people's consumer goods, upholding burning loyalty to the party.

In particular, the party organizations in locals, plants, and enterprises should positively encourage the party members and the working people to produce even more 3 August people's consumer goods, and to effect a practical success in improving the goods, with burning loyalty to the party.

To organize and mobilize the broad segments of the masses into production of the 3 August people's consumer goods, more household work teams and other work teams should be organized and operated by using the idle labor force. All cities, counties, districts, plants, and enterprises should organize many household work teams and other work teams of various forms by use of dependent family members and the idle labor force in conformity with a specific situation. In addition, they should lead household work teams and other work teams to produce various people's consumer goods, including foodstuffs and daily miscellaneous goods, by positively mobilizing industrial by-products, natural raw materials, and other raw materials.

Many reserves capable of developing 3 August people's consumer goods are stored in plants and enterprises. All

plants and enterprises should maintain a high and steady rate of production, by further increasing work places for life necessities and work teams and by mobilizing and utilizing the idle labor force and equipment.

The ranks of household service personnel have played important roles in production of 3 August people's consumer goods. Cities and farming villages should positively support the work of household service personnel and carry out the work to increase the ranks of household service personnel.

Even though we turn out in the campaign with determination to be innovative in producing 3 August people's consumer goods, good results cannot be effected without finding a practical way. Party organizations and functionaries in provinces, cities, counties, and districts should constantly organize substantial exhibitions, experience-discussion meetings, and field studies. By so doing, they should lead the working people to have much knowledge. As a result of this, party organizations and functionaries should encourage the working people to create new and striking ideas based on their consciousness and experience.

Only when a goal is new and firm can strength and initiative be created. Party organizations and functionaries in provinces, cities, counties, districts, plants, and enterprises should set up a new goal to constantly expand the production of 3 August people's consumer goods and positively map out measures to carry out the goal. In this way, they should constantly and vigorously carry out the 3 August campaign for production of people's consumer goods, as required by the party.

What is important in vigorously launching the 3 August campaign for production of people's consumer goods is that functionaries should acquire a proper concept and positively turn out in the campaign. It is the leading functionaries who should personally organize and press ahead with the 3 August people's consumer goods in regional units, plants, and enterprises. Only when functionaries acquire a proper concept of this campaign can they positively arouse the masses into the campaign, and only thus can they vigorously press ahead with a work to increase 3 August people's consumer goods, while tiding over unfavorable conditions.

Functionaries in provinces, cities, counties, districts, plants, and enterprises should correctly understand the party's intention to launch the campaign for production of people's consumer goods as a mass movement. In addition, they should adhere to the 3 August campaign for production of people's consumer goods with basic production.

Because the production of 3 August people's consumer goods is promoted by mobilizing reserves and making new goods, including guaranteeing raw materials, facilities, and machine equipment, there can be unfavorable conditions in the course of production. However, no progress can be made if we think it is impossible to press ahead with the campaign, because conditions are unfavorable.

The experiences of units—including rural Yangdok, Sin-yang, and Pukchong Counties, which have been models in the production of 3 August people's consumer goods even under unfavorable conditions—show that conditions can never be a stumbling block. All cities, counties, and districts, should be innovative in technology by arousing the masses and mobilizing inner reserves. In addition, they should, in a revolutionary manner, launch struggle to firmly organize the production base in conformity with specific conditions. By so doing, they should rapidly increase the 3 August people's consumer goods.

Improving the quality of goods is a job on which we should constantly concentrate great strength to make progress in the production of 3 August people's consumer goods. We have already made great progress in improving the quality of the 3 August people's consumer goods. The working people's demands for quality, however, have been constantly raised.

All producers of the 3 August people's consumer goods should make efforts to ensure the best quality, even though they make a mere consumer commodity.

In particular, leading functionaries of the 3 August people's consumer goods should properly carry out the work to evaluate those who meet the demand for quality of goods and produce good-quality goods. The 3 August campaign for production of people's consumer goods demands that the roles of responsible functionaries in cities, counties, and districts be constantly broadened.

The production of 3 August people's consumer goods is promoted, with cities, counties, and districts as a basic unit. Judging from the districts which have already won the title of exemplary districts in the production of 3 August people's consumer goods, and from the experiences of the counties and districts which have currently effected a great success, everything depends upon the roles of the responsible functionaries.

All administrative and economic responsible functionaries of parties at city, county, and district levels should have the firm determination to resolutely realize our party's noble intention aimed at rapidly increasing consumer goods and at smoothly providing living conveniences for the working people. In addition, they should constantly think about and make efforts to increase the production of 3 August people's consumer goods.

In particular, responsible functionaries in all cities, counties, and districts should concentrate great efforts on working to win the title of exemplary county, city, and district in the production of 3 August people's consumer goods.

The result of launching the 3 August campaign for production of people's consumer goods can be clearly shown through direct-sales shops. Responsible functionaries in cities, counties, and districts should cherish deep in their hearts the fact that their revolutionary spirit and people-minded spirit are shown according to how goods are provided for direct-sales shops and according to how

goods are sold in the direct-sales shops. Thus, they should press head with the production of 3 August people's consumer goods on the basis of direct-sales shops, and properly carry out the work to effect growth both in quality and quantity.

The 3 August campaign for production of people's consumer goods is a sacred struggle aimed at decisively improving the living standard of the people and at brilliantly realizing our party's leadership.

All functionaries and the working people should bring into full bloom our party's lofty plan and intention designed to provide a more cultural and advanced life for the people, by more actively launching the 3 August campaign for production of people's consumer goods.

South Korea

Further on Efforts Toward N-S High-Level Talks

Response Made to Premier

SK0708120090 Seoul Domestic Service in Korean
1100 GMT 7 Aug 90

[Text] A contact of the North-South working-level officials on aviation and communication, which was supposed to be held in the conference room of the Neutral Nations Supervisory Committee in Panmunjom the morning of 8 August, is put off at the North side's request.

North Korea, in a telephone message in the name of the Administration Council Premier Yon Hyong-muk, said today that Choe Pong-chun is nominated as the North Korean side's responsible liaison official for the North-South High-Level Talks and proposed that a necessary working-level question be negotiated by working-level officials, together with responsible liaison officials. North Korea notified our side of its intention to put off the working-level contact by proposing that a separate date for working-level contact be set.

Accordingly, the government decided that before long it will announce a responsible liaison official, once more will set a date for working-level contact, and will notify the North Korean side of a revised date for a working-level contact.

A government official views the North Korean side's decision to put off a contact of working-level officials on aviation and communication as its intention to negotiate a procedural question, not as intention to avoid or stop the North-South High-Level Talks.

Prior to this, Prime Minister Kang Yong-hun sent to Yon Hyong-muk, the North Korean Administration Council premier, a telephone message proposing that, to negotiate a working-level question needed for the first North-South High-Level Talks, three aviation technicians and three communication technicians be sent to

the conference room of the Neutral Nations Supervisory Commission in Panmunjom at 1000 the morning of 8 August.

South Proposes 10 Aug Contact

*SK0808093690 Seoul Domestic Service in Korean
0900 GMT 8 Aug 90*

[Text] In a telephone message sent today to North Korean Premier Yon Hyong-muk, Prime Minister Kang Yong-hun proposed to hold a contact between officials from communications and aviation fields for the North-South High-Level Talks in the conference room of the Neutral Nations Supervisory Commission at Panmunjom at 1000 on the morning of 10 August. Prime Minister Kang also notified him in the message that Kim Yong-hwan, the responsible liaison official, will be in charge of liaison work for the South side's delegation to the North-South High-Level Talks.

Reportage on Allowing Citizens To Visit North

Visitors List Provided to North

*SK0808023790 Seoul Domestic Service in Korean
0200 GMT 8 Aug 90*

[Text] The ROK Government has notified the North side that it will hand over to the North side the list of names of those who applied for visits to the North for two days, tomorrow and the day after tomorrow. It has also asked the North side to hand over to us the list of names of those who want to visit South Korea.

Prime Minister Kang Yong-hun this morning sent a telephone message to North Korean Premier Yon Hyong-muk and notified him two liaison officials from our side will be sent to the conference room of the Neutral Nations Supervisory Commission in Panmunjom at 1500 tomorrow and the day after tomorrow to hand over to the North side the list of names of those who applied for visits to North Korea during the period of the grand national exchange. Prime Minister Kang asked the North Korean side to hand over to us the list of names of those who hope to visit our side's area. Prime Minister Kang also said the North Korean people who will visit our side's area during the period of the grand national exchange will be provided with the necessary conveniences, a guarantee for a safe return home, and personal safety and asked the North Korean side to take the corresponding measures for those who will visit the North Korean side's area.

36,000 Visit Requests Accepted

*SK0808024990 Seoul YONHAP in English 0213 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (YONHAP)—The South Korean Government has accepted 36,000 applications from people in the South to visit North Korea since Saturday

but doubts that anyone will be able to make the short trip across the border when it is opened for free travel next week.

"North Korea has not revealed their position in any explicit manner. However, as we see it, the North will probably respond negatively to our overture," National Unification Minister Hong Song-chol said in a meeting on his board's unification policy Tuesday. President No Tae-u has declared that he will open the South's border with the North at the truce village of Panmunjom for free two-way travel Aug. 13-17. The government will present a list of South Koreans wishing to visit the North to the North on Thursday or Friday as the last day to apply is Wednesday, Hong said.

"The government is continuing to take applications from citizens in spite of the dismal prospects for the program because we think accumulated attempts at such exchanges and free travel will finally help improve inter-Korean relations," Hong said. He suggested an agreement on free travel may come Sept. 4, when the North and South Korean prime ministers meet in Seoul.

"The government is taking the oncoming talks very seriously. The most sought-after thing from the talks is to find ways to guarantee South and North Korean people safe travel to the other part of Korea," Hong said. "We will propose signing an accord on travel, trade and communication, just as East and West Germany did." Commenting on North Korea's decision to send a 100-member team to the South for five days from Aug. 14 to "console" dissidents jailed for their unauthorized trip to Pyongyang, Hong said the government welcomes their visit as long as they keep the spirit of inter-Korean exchanges. A North Korean committee set up to fight for the release of radical student Yim Su-kyong, in prison for visiting the North without government approval, has formed the delegation.

"We will not allow the northerners to visit front-line areas, the Agency for National Security Planning or meet with criminals in jail as it defies the spirit of grand inter-Korean exchanges," Hong said.

Further on List of Names

*SK0808032090 Seoul YONHAP in English 0301 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (YONHAP)—South Korea has asked North Korea to send liaison officials to the border truce village of Panmunjom on Thursday and Friday to accept a list of South Koreans who have applied to visit the North from Aug. 13-17.

South Korean Prime Minister Kang Yong-hun told his North Korean counterpart Yon Hyong-muk in a telephone message Wednesday that he would send two liaison officials to the conference room of the Neutral Nations Supervisory Committee at 3 P.M. on Thursday and Friday to deliver the list. Over 36,000 people had applied to visit the North by Tuesday, with one more day

to file for permission to cross the border. Kang also asked Yon to present a list of North Koreans wishing to visit the South during the proposed five-day period of free two-way travel and welcomed a North Korean proposal to send people to the South on Aug. 14. The North has said it will send some 100 people to the South Aug. 14-18 to meet student activist Yim Su-kyong, in prison for visiting the North last year without government approval.

"Northerners willing to visit the South can do so in the set period of Aug. 13-17, and should withdraw their idea of seeing Yim, who is in prison for violating the law, because it is against the spirit of grand inter-Korean exchanges and will not help improve South-North relations," Kang told Yon. Kang also asked his Northern counterpart to guarantee the security and safe return of South Korean visitors.

Four Allowed To Contact North

*SK0808095390 Seoul YONHAP in English 0905 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (YONHAP)—Four South Koreans were given permission Wednesday to contact North Koreans, the National Unification Board said.

So Ki-won, president of the state-run Korean Broadcasting System, may contact North Koreans to propose that Chong Ha-chol, chairman of Pyongyang's Korean Radio and Television Broadcasting Committee, jointly cover family reunions. So Kwang-yong, chairman of the Korea Buddhism Sect Council, may meet Pak Tae-ho, chairman of the Central Committee of the Korean Buddhists Federation, to ask him to send North Korean Buddhists to the world Buddhists convention in Seoul on Oct. 12. Ko Myong-sam, a professor at Seoul National University, and Yi Kwang-sik are the other two.

Student Group To Send 2,000

*SK0808095690 Seoul YONHAP in English 0921 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (YONHAP)—A South Korean student organization with members from 10 universities announced Wednesday it will send 2,000 students to Pyongyang on Aug. 15 for a two-day joint rally for national reunification with Kim Il-song University.

Seoul 'Flooded' With Emotions

*SK0808004290 Seoul THE KOREA TIMES in English
8 Aug 90 p 6*

[Editorial: "Consistency and Credibility"]

[Text] People have simply been confused by the government stand with regard to cross-border visits between South and North Korea.

On Monday, the Board of Unification made a surprise announcement that it would accept a North Korean

proposal to send a delegation to "console" those imprisoned for visiting North Korea without authorization.

Of course, there was a string attached; they would not be allowed to meet the prisoners. But, they would be allowed to meet the families of the convicts and their legal consellers. Those whom the northerners want to meet are woman collegian Yim Su-kyong, Catholic priest Mun Kyu-hyon, and Protestant minister Mun Ik-hwan. All of them crossed into North Korea in violation of the legal system here. They were duly tried and are now serving prison terms. The North Korean authorities are ostensibly planning to send a delegation posing as an overseer of the human rights situation here. Of course, it is doubtful that the North really has any intention to send the delegation.

North Korea could not dare to make such a proposal if it were genuine about conducting dialogue for the improvement of relations with South Korea. But surprisingly, the government took the positive stand on the naughty proposal. The government action came on the heels of heated confrontation between the government and an alliance of dissidents called "Chonminnyon" over the much touted issue of a joint unification rally in the border village of Panmunjom on Aug. 15.

As a corollary, we cannot help suspecting a lack of principle and policy. Just take the joint rally in the border town for instance. The initial actions of the government were sufficient to lead the people to believe that it would be pushed through despite its irrational aspects. But, it has become certain at last that the rally will not be held. The board argues that the North is to blame. As it asserts, the holding of the rally would not be proper or rational if it were participated in only by anti-government dissidents from the South.

Then, the rally would only be North Korean propaganda against the South and of no help to the improvement of inter-Korean ties. And therefore, the government should have been firmly against the rally from the start. However, it wavered on the issue only to fuel wrong notions among the people.

If the government has decided to put up with all, out of a genuine intention to break the current stalemate between South and North Korea, it should have been consistent so that the rally could be held. But, it failed, only to disappoint the people. Again the authority took the gesture of accepting the so-called "consolatory" delegation. But few will think that North Korea will come along.

The North Korean proposal is only demonstrative of how brazen-faced North Korea is in relations with South Korea. The proposal should have been resolutely rebuffed so that incidents of a similar nature do not recur. But the government did not do so. Dialogue should start on the basis of mutual recognition at least. If not, thing can be attained. In the spate of proposals and counterproposals in recent days, people cannot but feel that they have been fooled around.

More on China-Japan Flights Via North, South

SK0808003690 Seoul *THE KOREA TIMES* in English
8 Aug 90 p 1

[Text] Tokyo (AFP)—North Korea has welcomed a proposal to open an air route between Beijing and Tokyo by way of rival capitals on the divided Korean peninsula, the Korean Central News Agency (KCNA) said Tuesday.

The International Civil Aviation Organization (ICAO), a United Nations agency based in Montreal, made the proposal in response to requests from airline companies, the official agency said in a broadcast monitored here. ICAO council President Assad Kotaite last week met with North Korean civil aviation officials in Pyongyang, KCNA said, adding that they agreed to "make energetic efforts" to open the air route and resolve questions of safety.

North Korean Foreign Minister Kim Yong-nam welcomed the proposal and "hoped for its early opening through close cooperation of the parties concerned," KCNA said. South Korea's transport minister, Kim Chong-sik, told Kotaite in Seoul last month that South Korea supported the proposal in principle. In Tokyo, a transport ministry official said Tuesday the proposed route was welcome because it would save fuel and travel time but added that "the idea is difficult in a diplomatic sense."

*** Two Koreas' Economic Indexes Compared**

902C0252A Seoul *HANGUK KYONGJE SINMUN*
in Korean 24 Jun 90 p 3

[Article by reporter Yi Hui-chu: "A Comparison of the South and North Korean Economies—On the 40th Anniversary of the Korean War"]

[Text] It is the 40th anniversary of the outbreak of the Korean war.

The years have witnessed the distinction between the South dashing on the road of capitalist market economy and the North along a socialist path of centralized planned economy.

While the South pursued economic policies focusing on light industry, the North held on to the strategy of giving priority to heavy industry.

Also, in contrast to the North that clung to its closed economic system and negative stance against foreign trade under the banner of self-reliance, the South continued to pursue a growth strategy centering on foreign trade.

Until the outbreak of the Korean war, the industrial distribution on the Korean peninsula had clearly been what generally was described as "the agricultural South and the industrial North."

How did the South and North Korean economies change in the past 40 years? And what differences did the change

bring in the living standards between the two Koreas? The following is a review of the South and North Korean economic strength based on data released by the National Unification Board [NUB].

GNP

The 1988 ROK GNP (gross national product) was \$169.2 billion or eight times the North Korean GNP for the same year, which was \$20.6 billion. Compared with the relatively close 1960 figures—\$2 billion for the ROK and \$1.5 billion for North Korea—the 1988 figures indicate an economic gap that expanded rapidly between the two Koreas while they held on to their economic systems, capitalist and socialist respectively.

Needless to say, North Korean statistics made available by such materials as Kim Il-song's New Year's addresses are only sketchy at best. Furthermore, socialist countries use the GSP (gross social product) concept instead of the GNP, making it necessary to translate it into GNP terms when a comparison is made. Therefore, it cannot be said that NUB data have a hundred percent accuracy. GSP represents the simple gross production value of goods produced in a year. It does not include service areas but takes into account intermediate products that show up on the way to the production of finished goods.

Nevertheless, statistics compiled by the U.S. CIA (Central Intelligence Agency) or IISS (International Institute for Strategic Studies) also indicate a huge gap between the South and North Korean economic strength, although there are more or less differences between ROK and U.S. figures. The U.S. CIA put the 1984 ROK GNP at \$90.1 billion or 3.9 times the North Korean GNP for the same year which it said was \$23 billion. According to IISS statistics, the ROK GNP for 1984 was \$81.1 billion or nearly 4.3 times that of North Korea.

In the per-capita GNP, the gap grew even larger. The turning point was 1974. That is when it changed from a low-South-and-high-North pattern to a high-South-and-low-North.

The ROK per-capita GNP for 1960 was only \$94 and far below North Korea's \$137. In 1988, however, it rose to \$4,040 or more than four times North Korea's \$980.

NUB holds that while the ROK took advantage of the world's free market order and enhanced its economic efficiency, North Korea failed to make effective investments because of the uniformity and rigidity of its system that resulted in wastes of elements of production such as capital and labor.

For instance, the North Korean military spending has been excessively large, NUB pointed out. North Korea's military spending for 1988 was as much as 21.5 percent of its GNP against the ROK's 4.6 percent.

Mining, Manufacturing Industries

Following the Korean war, while the ROK launched growth policies focusing on light industry, North Korea

continued to give priority to the heavy industry that had connections with the munitions industry.

As a result, North Korea was ahead of the ROK in the heavy industry sector until early 1970.

First of all, North Korea was leading in the production of energy—industry's driving power.

It held an overwhelming advantage in coal production. In power generating capacity, North Korea marked 3.39 million kw in 1970, which was way over the ROK's 2.51 million kw.

In steel production, too, North Korea overwhelmed the ROK 2.17 million tons to 850,000 tons in 1970.

However, the North Korean lead began dwindling after the ROK started to expand its investments in the heavy and chemical industries in the mid-1970's. Presently, the ROK is far ahead in these areas, according to NUB analyses.

In the power generating capacity, as of 1988, the ROK output of 19.94 million kw was almost three times North Korea's 6.90 million kw. In the steel production as of the same year, the ROK's 31.66 million tons [as published] was more than four times North Korea's 5.04 million tons.

Of the heavy and chemical industries, the gap is particularly large in the machine and electronic areas. In auto production, the ROK output as of 1988 was 1.70 million cars against the estimated North Korean production of 20,000. In the shipbuilding capacity, statistics put the ROK at 3 million tons and North Korea at 210,000 tons.

All these differences came from the fact that while the ROK, following models of foreign demand-oriented economic developments, fostered the heavy and chemical industries with emphasis on products embodying major market demands, North Korea focused on the machine tool industry, which is associated with the munitions industry, with a view to bringing up the munitions industry. In the production capability for machine tools, the ROK marked 55,000 units as of 1988 against North Korea's 30,000 units, the gap being relatively narrower compared with other items.

Meanwhile, the North-South gap is even larger in the light industry sector as a result of the ROK policy that initially put emphasis on light industry growth.

In short, as of 1988, the ROK textile production capability was 1.35 million tons but North Korea could produce only 120,000 tons.

In footwear, the ROK's production capability was 6 million pairs against North Korea's 620,000.

Agriculture, Fisheries, Live-Stock Industry

North and South Korea are about even in agriculture.

In the size of arable land, the ROK had 2.13 million chongbo and North Korea 2.14 million chongbo as of 1988, showing little difference. In the per-household acreage under cultivation, the ROK had 1.2 chongbo and North Korea 1.3 chongbo, also showing little difference. In the per-tanbo rice output, the ROK is ahead with 481 kg against North Korea's 326 kg.

The ROK's gross rice output of 6.05 million tons was way over North Korea's 2.09 million tons. However, NUB notes that these figures mean little because the ROK leads in the absolute acreage of paddy fields.

In fisheries, estimates indicate that the ROK is ahead. For example, the ROK's 1988 marine products output was 3.20 million tons and way over North Korea's 2.14 million tons. In the number of fishing boats, the ROK is shown far ahead with 99,000 against North Korea's 30,000. However, in the fisheries production in the sea cultivation area, North Korea is ahead with 960,000 tons against the ROK's 880,000 tons.

Living Standards

The ROK is markedly over North Korea as far as the living standards reflected in various indexes are concerned, although the average living standard figures do not always correctly show the degree of residents' contentment with the livelihood.

In the per-capita consumption allowance level (the minimum consumer spending capacity)—that is, the per-capita GNP minus the individual investment and military spending shares—the ROK is ahead with \$2,646 against North Korea's \$475, the ratio being 5.6 to 1.

Also, as for the spread of television sets to households, it is 100 percent in the ROK but only 10 percent in North Korea; in the case of telephones, it is 67 percent in the ROK but only 7.0 percent in North Korea. NUB data show a particularly large gap with regard to refrigerators—that is, in the ROK 79 percent of households are using them but in North Korea only 0.5 percent of families have refrigerators.

Major South, North Korean Economic Indexes
(as of the end of 1988)

Items	Unit	ROK	N. Korea	ROK/N. Korea Ratio (Times)
Population	Million	41.97	21.03	2.0
GNP	US\$ billion	169.2	20.6	8.2
Per capita GNP	US\$	4,040	980	4.1
Exchange rate	Against US\$	730.57	2.15	—
Economic growth rate	%	12.2	3.0	—

**Major South, North Korean Economic Indexes
(as of the end of 1988) (Continued)**

Items	Unit	ROK	N. Korea	ROK/N. Korea Ratio (Times)
Scale of budget	US\$ billion	25.23	14.73	1.7
Military spending	US\$ billion	7.84	4.42	1.8
Exports	US\$ billion	60.70	1.99	30.5
Imports	US\$ billion	51.81	3.16	16.4
Foreign debt	US\$ billion	31.20	5.20	6.0
Power generating	Thousand kw	19,944	6,902	2.9
Coal	Thousand tons	24,290	40,700	0.6
Steel	Thousand tons	19,100	5,043	3.8
Nonferrous metals	Thousand tons	487	494	1.0
Oil refining	Thousand tons	35,620	3,500	10.2
Cement	Thousand tons	28,990	9,770	3.0
Chemical fertilizer	Thousand tons	3,390	3,510	1.0
Textile	Thousand meters	550	66	8.3
Grain	Thousand tons	7,322	5,210	1.4
Marine products	Thousand tons	3,209	2,116	1.5
Railways, total length	Km	6,423	4,927	1.3
Roads, total length	Thousand km	56	23	2.4

(N. Korean industrial figures based on production capacity)

DPRK Ambassador to USSR Still in Pyongyang*SK0808095790 Seoul YONHAP in English 0920 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (YONHAP)—Son Song-pil, North Korean ambassador to Moscow, is in Pyongyang. He was recalled in late May, probably due to his responsibility for Korea-Soviet summit talks, NAEWOE PRESS reported Wednesday quoting Moscow radio.

Kim Hui-su, charge d'affaires in Moscow, is standing in for the absent Son and delivered to Soviet Deputy Prime Minister Igor Rogachev on Monday an invitation for Soviet children who suffered from the Chernobyl nuclear accident to visit North Korea, NAEWOE said. Gennadiy

Bartoshevich, Soviet ambassador to Pyongyang, has not returned since he went home citing illness at around the time son was called back.

Further on Government Reaction to Iraqi Invasion**U.S. 'Regrets' ROK Response***SK0808010590 Seoul YONHAP in English 0053 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (YONHAP)—The United States has expressed regret over what it sees as a low-key reaction by South Korea to Iraq's invasion of Kuwait and called on Seoul to take tough sanctions against Baghdad and the newly installed regime in Kuwait, a Korean Government source said Wednesday. The U.S. regrets were conveyed through diplomatic channels, the source said.

The Korean Foreign Ministry, in a statement issued a few hours after the invasion on Aug. 2, said: "Both Iraq and Kuwait are friendly countries... Korea strongly wishes that the disputes existing between the two countries will be resolved not by force, but through peaceful means.

"The Government of the Republic of Korea wishes that Iraqi forces be withdrawn from Kuwaiti territory as soon as possible." The source said the government was considering joining the United States, Britain, France, Japan and other nations in punitive actions against Iraq but added, "It is very difficult to make decisions since we have to consider the 1,300 Koreans in the two countries and the fact that the two countries are a major source of our oil imports."

Officials from various ministries met early this week to discuss economic sanctions against Iraq and the puppet regime in Kuwait but could not reach agree[ment]. Freezing Iraqi and Kuwaiti assets in Korea, suspending oil imports and cutting off trade were among the options reviewed by the officials, the source said. Korea buys 105,000 barrels of crude a year, or 11 percent of its imports, from the two countries with 70,000 barrels coming from Kuwait. All of Korea's oil has to be imported. Korean firms have yet to collect 32 million U.S. dollars due for construction in Kuwait and between 500 million and 600 million dollars from Iraq, on top of which they have orders from Iraq amounting to 700 million dollars and from Kuwait worth 170 million dollars that they need to protect.

U.S. Requests ROK Sanctions*SK0808091390 Seoul YONHAP in English 0854 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (OANA-YONHAP)—The United States has officially asked South Korea to join sanctions against Iraq for its invasion of Kuwait, a Foreign Ministry spokesman said Wednesday.

Richard Solomon, assistant secretary of state for East Asia and Pacific affairs, made the request during a meeting with Vice Foreign Minister Yu Chong-ha, he

said. Yu told Solomon that South Korea opposes the use of power under any circumstances, but that taking sanctions against Iraq is a matter for "careful consideration" taking Korea's economic relationships with Iraq and Kuwait into account, the spokesman said. Solomon arrived Tuesday to brief Korean Government officials on the U.S.-Soviet foreign ministers' meeting Aug. 1-2.

Solomon said Soviet Foreign Minister Eduard Shevardnadze promised to urge North Korea to join the safeguards agreement of the International Atomic Energy Agency and stressed the importance of dialogue between South and North Korea. Yu explained the results of the first official negotiations between the governments of South Korea and the Soviet Union on the establishment of diplomatic relations early this month and asked for continued U.S. support in that matter.

Solomon reaffirmed Washington's full cooperation with Korea's hosting of the third ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) next year. He said the APEC meeting will be a good opportunity for Korea to improve relations with China as it will conclude the matter of admitting China, Hong Kong and Taiwan to the regional body. Yu and Solomon exchanged views on President No Tae-u's proposal for a grand inter-Korean exchange next week, economic cooperation between Seoul and Moscow and entry into the United Nations by South and North Korea. Solomon leaves Thursday after paying courtesy calls on National Unification Minister Hong Song-chol, Deputy Prime Minister Yi Sung-yun and Kim Chong-hwi, senior presidential secretary for diplomacy and security.

Companies in Baghdad Report

SK0808014890 Seoul YONHAP in English 0127 GMT
8 Aug 90

[Text] Seoul, Aug. 8 (YONHAP)—Construction projects in Iraq are proceeding normally although tension is growing in Baghdad, a South Korean construction firm reported Tuesday.

Communication with the capital has been cut off except for major agencies like embassies, and police have been scouring the city since Tuesday, Hyundai Construction and Engineering Co. said it was told by an employee in a telephone call from the Korean Embassy in Baghdad. It is not known what the Iraqi police are searching for.

Hyundai said workers are going about their tasks as normal but three Koreans missing in Iraqi occupied Kuwait are still unaccounted for. Korean companies in Iraq have banned late-night excursions by their employees and prepared evacuation plans. Some 600 Koreans are in Iraq with four general trading companies—Hyundai, Samsung, Daewoo and Hyosung—and seven construction companies. There are widespread rumors in Baghdad that Iraq is moving foreigners seized in Kuwait to a spot near the airport, but nationalities and numbers are unknown, Hyundai said.

'Rush' To Visit PRC During Asian Games Noted

SK0808004090 Seoul THE KOREA TIMES in English
8 Aug 90 p 3

[From the "Press Pocket" column: "Adverse Effects"]

[Text] Since the lifting of restriction on travel abroad, fever over China visits has been spreading across the country. The rush of South Koreans to mainland China is expected to reach a climax around the Beijing Asian Games to open in September.

Adverse effects of the China rush were taken up in a meeting of officers of the ruling Democratic Liberal Party yesterday. According to a lawmaker who visited China recently, as many as 8,000 South Koreans have reserved rooms at a hotel in Yianji, capital of the Korean Autonomous Prefecture of Yianbian. In addition, some 6,000 people are expected to go to China to watch the upcoming Asian Games. Some South Korean visitors have often made promises to help Korean residents in the region and failed to keep the promises, thus causing ill will.

No Aide, USSR's Sitaryan Discuss Cooperation

SK0708122690 Seoul YONHAP in English 1209 GMT
7 Aug 90

[Text] Moscow, Aug. 7 (YONHAP)—Kim Chong-in, senior presidential secretary for economic affairs, Tuesday met with S. R. Sitaryan, Soviet deputy prime minister for economic affairs, and discussed measures to promote bilateral economic cooperation.

In the meeting, Sitaryan, concurrently chairman of the Soviet State Commission for External Economic Affairs, expressed a hope that South Korea place more emphasis on joint investments among all fields of bilateral economic cooperation between the two countries. The Soviet official pointed out that the Soviet Union is now facing a serious shortage of consumer goods as a result of the traditional pursuit of heavy industry-oriented economic policy. The Soviet economy produces 600 million barrels of crude oil and 100 million tons of steel annually, Sitaryan said.

Kim asked the Soviet official not to overestimate the potentiality of the South Korean economy, explaining that Korea still has 27 billion U.S. dollars of foreign debt. Kim, who is now visiting Moscow heading a South Korean delegation to the first official-level negotiation between the two countries that began Thursday here, said he would do his utmost to advance economic cooperation between Seoul and Moscow.

Economists Approve of Soviet-Korean Projects

SK0808060790 Seoul YONHAP in English 0455 GMT
8 Aug 90

[Text] Seoul, Aug. 8 (OANA-YONHAP)—South Korean economists have given nodding approval to some of 22

projects and over ten of 40 consumer products listed by the Soviet Union for cooperation.

Of the 40 consumer goods proposed, over 10 are items where Korea is competitive in terms of quality, they say. Major home appliances such as refrigerators, televisions, radios, videos, sewing machines and electronic ovens are promising products. So are tea packing machines and disposable syringes. Projects in petrochemicals, natural gas and coal are among those bright for mutual cooperation, according to the economists from the Korea Trade Promotion Corp. and the private sector.

The Soviet Union presented a list of desired areas and items for cooperation Monday, following talks with a Korean delegation in Moscow. It was the first government-level business proposal made between the two nations, which are also inching closer to establishing diplomatic ties. The items conveniently coincide with Korean business interests and major trading companies quickly responded by forming "Soviet teams" to analyze the list and draw up plans to enter the Soviet market. The Hyundai group, whose founder Chong Chu-yong is a frequent visitor to the Soviet Union, has signed a giant forest joint development contract and formed a team Tuesday, a company spokesman said. Almost half of the products have already been studied, he said, and Hyundai expects plant construction to be highly profitable.

Samsung Co., the trading unit of the Samsung Business Group, has also launched a team and is studying investment possibilities, a company official said.

Observers predict that a rough picture will emerge by early next week of who will be participating in the projects and how much they will invest. Mining ventures are raising particular hope since negotiations in this field are already in progress. Mine development was also mentioned by Vladimir Golanov, vice president of the Soviet Chamber of Commerce and industry, when he led a Soviet trade mission to Seoul last May.

But there are conspicuous omissions from the Soviet list. Korea exported more than 70 million U.S. dollars worth of daily necessities—soaps, shoes, toothpastes and textiles—to the Soviet Union last year. All of these items as well as personal computers were left out, causing speculation that the Soviets are more interested in joint ventures in these items than Korean know-how.

Aeroflot To Make 3 Unscheduled Flights in Aug

SK0808094890 Seoul YONHAP in English 0807 GMT 8 Aug 90

[Text] Seoul, Aug. 8 (YONHAP)—The Soviet airline Aeroflot will make three unscheduled flights to South Korea this month, a Transportation Ministry official said Wednesday.

Aeroflot began a regular weekly service between Seoul and Moscow in late March. An AN-124 cargo jet will

arrive at Kimpo International Airport on Friday to pick up 120 tons of personal computers for delivery to Kiev. An IL-76 passenger [plane] carrying 160 delegates from Moscow to the world 16th Baptist Church Conference in Seoul will arrive Aug. 11. The airplane will return to Seoul to collect its passengers on Aug. 21, the official said.

Foreign Minister, Counterpart Talk in Bucharest

SK0708080090 Seoul YONHAP in English 0734 GMT 7 Aug 90

[Text] Seoul, Aug. 7 (OANA-YONHAP)—The South Korean and Romanian foreign ministers held talks Tuesday in Bucharest on ways to promote economic and political cooperation, a Foreign Ministry spokesman said.

South Korean Foreign Minister Choe Ho-chung told Adrian Nastase that he would positively study ways to help the Romanian economic buildup with Korea's Overseas Economic Cooperation Fund (OECF) and urge Korean businessmen to take part in an international trade fair in Bucharest from Oct. 13, the spokesman said. As Romania is a non-standing member of the U.N. Security Council, Choe requested cooperation to open North Korea and to help South Korea win U.N. membership, he said.

Nastase said Korea's unification policy is more practical and gave blanket consent to positions of the government, he said. Touching on a new international order shaping up in Europe in the wake of the sweeping reforms in the Eastern European countries, he said, Nastase proposed finding ways to create a new Europe by systematizing the Conference on Security and Cooperation in Europe (CSCE) slated for November.

The two ministers agreed to exchange economic cooperation committees as soon as possible, push for joint advancement into third nations and have Romanian technicians trained in Korea. After the talks, Choe said he hoped to invite Nastase to Seoul and paid courtesy calls on President Ion Iliescu and Prime Minister Anton Vatesescu, with whom he discussed matters of mutual concern. On Tuesday afternoon, Choe attended a reception for the opening of the Korean Embassy. The reception was attended by about 400 Romanian celebrities.

Flight Talks Slated With Yugoslavia, CSFR

SK0708055590 Seoul YONHAP in English 0515 GMT 7 Aug 90

[Text] Seoul, Aug. 7 (YONHAP)—South Korea will hold talks with Czechoslovakia [Czech and Slovak Federal Republic] and Yugoslavia in September on aviation agreements, a Transportation Ministry official said Tuesday.

"Aviation talks with Czechoslovakia will be held in Prague Sept. 17-19, and with Yugoslavia in Belgrade Sept. 20-21, attended by representatives of the Foreign

Ministry, Transportation Ministry, Korean Air and Asiana Airlines," the spokesman said. Korea has concluded aviation cooperation agreements with Hungary and Poland. "Signed agreements do not mean immediate aviation exchanges. They will just form a basis for future bilateral cooperation in aviation," he said. Korea is to hold similar talks with Hong Kong, Japan, Taiwan and Singapore next month to discuss increasing flights between Seoul and the countries.

Securities Companies 'Suffering Huge Losses'

*SK0808075590 Seoul YONHAP in English 0600 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (YONHAP)—Securities companies in South Korea are suffering huge losses because of the non-stop decline of the stock market and see no hope for relief now that the invasion of Kuwait has pulled prices down to their lowest point in 27 months.

Business sources said Wednesday that 576, or 92.6 percent, of the branches of the nation's 25 securities companies brokered less than the break even point of 10 billion won (14.3 million dollars) in stock trades in July. The rate compares with 44.1 percent in April, 40 percent in May and 64.2 percent in June. Some securities companies have begun door-to-door sales in a desperate move to escape the prolonged slump, but observers say the effort will produce mixed results at best as widespread concern about another oil shock has scared off investors.

The leading index plunged to 649.50 points at 10:50 Wednesday, bringing the total loss since the Iraqi invasion of Kuwait on Thursday to 40.38 points. The composite stock price index is at its lowest since hitting 636.68 points on May 11, 1988. Things are going from bad to worse as the amount of bad loans and unpaid for shares outgrow customer deposits. On Tuesday, the market opened weak and the all-share index fell to below 660 level within 10 minutes, and below 650 within an hour amid mounting worries the market would totally collapse.

The CPSI gained a little in the afternoon owing to active intervention by the Stock Market Stabilization Fund and the discovery of gas on the continental shelf off the east coast. Business sources predicted that if the stagnation of the stock market drags on, securities companies will have to close some of their branches. Among the 576 branches that fell short of the 10 billion-won figure last month, 275 or 47.7 percent did so poorly that their monthly contracts sank below 5 billion won.

None of the 46 branches in the black in July had more than 20 billion won in contracts, in sharp contrast to the heyday of 1987-88 when turnover at a few branches climbed to over 100 billion won. The sources said securities companies are fighting several foes at the same time. In addition to the poor performance of their branches, they are running out of funds to cover their

trading losses and have snowballing deficits because the value of their holdings are sinking.

Persian Gulf Tension Pulling Down Stock Prices

*SK0808075790 Seoul YONHAP in English 0641 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (OANA-YONHAP)—Escalating tension in the Persian Gulf pulled down South Korean stock prices for the sixth day in a row Wednesday, with the leading market index falling to its lowest level in over two years.

The all-share composite stock price index (CSPI) was down 7.15 points in very thin trading at 648.73 as of 2 P.M., its lowest since 636.68 on May 11, 1988. The CSPI has lost 41.48 points or 6.39 percent since Iraq invaded Kuwait last Thursday, and 29 percent and 36 percent since the first session of the year and April 1, 1989, when it peaked at 1007.77.

Pessimistic reports about the Mideast situation froze market sentiment and investors fear events will get out of control. Sharp declines in Tokyo and other major stock markets also depressed the market. All sectors, except for fisheries, mining and wood, lost ground. Declines overwhelmed advances by 450 to 126 with 170 issues remaining unchanged. Volume was a light 4.285 million shares on turnover of 64.596 billion won (90.34 million U.S. dollars).

Opposition Groups Plan Antigovernment Rallies

*SK0808093990 Seoul YONHAP in English 0839 GMT
8 Aug 90*

[Text] Seoul, Aug. 8 (YONHAP)—Opponents of the South Korean Government announced Wednesday they will hold rallies in major cities from late August to demand snap general elections and introduction of local autonomy.

Kim Tae-chung's Party for Peace and Democracy (PPD), the splinter Democratic Party (DP) and an umbrella dissident group also said they had agreed to achieve the much-talked about merger of their organizations before the National Assembly convenes in September. During a three-and-a-half-hour meeting earlier Wednesday, the first official contact since a joint anti-government rally in July, 15 representatives of the groups adopted a six-point declaration that called for building a pan-democratic opposition out of all democratic forces, achieving unification at an early date and fighting for all democratic rights and the right to live.

They failed to agree on steps for unification, however, as the PPD and DP are at loggerheads over nomination of a leader for the prospective unified opposition party and sharing party posts. The PPD negotiators demanded unification prior to anything, while the DP side called for a solution before unification. To put their agreement into practice, they decided to discuss details and disagreements among the parties at working-level meetings

and at talks between their leaders once a week, and to meet again themselves on Aug. 17.

"We will achieve opposition unification in response to the public's consensus, overcoming present regional confrontations within a short period as our three groups jointly proclaimed on July 20," Chang Ul-pyong, spokesman for the Council for Promoting a Unified Opposition Party, said. He said they would wage a joint war against the government for the release of 1,300 political prisoners and urged the government not to exploit inter-Korean issues for political purposes.

Government To Begin Paying Kwangju Compensation

SK0808094790 Seoul YONHAP in English 0803 GMT
8 Aug 90

[Text] Seoul, Aug. 8 (YONHAP)—The South Korean Government will start paying compensation Aug. 17 for deaths and injuries inflicted by armed troops as they put down pro-democracy protests in Kwangju in 1980, a government spokesman said Wednesday.

Compensation will be paid upon request for the 200 civilians killed and 1,100 injured when martial law troops opened fire on civilians protesting against the declaration of martial law May 18-25. A group of elite military officers, headed by Gen. [General] Chon Tu-hwan, reportedly coerced the then government into declaring martial law in a successful bid to propel Chon into the presidency.

"A maximum of 130 million won (181,800 U.S. dollars) will be paid as compensation for people declared dead or missing, and compensation for injuries will be decided on the basis of how severe they are," the spokesman said.

Compensation will be completed by the end of the year, he said.

The government, seeking to resolve the tragic incident at least administratively, introduced and passed the compensation bill in a special session of the National Assembly in July despite heated objections from Kim Tae-chung's Kwangju-based Party for Peace and Democracy.

*** Political Ambitions of No's Relatives Detailed**

902C0253A Seoul TONG-A ILBO in Korean
24 Jun 90 p 2

[Article by reporter Yi To-song: "Pak Chol-on, Kim Pok-tong, and Kum Chin-ho Are President No's Kitchen Cabinet"]

[Text] On the occasion of the wedding of No Chae-hyon, son of President No Tae-u, the president's relatives frequently gathered at the presidential mansion, drawing attention to the movements of these relatives.

Of the president's relatives, the following figures in particular have drawn public attention: Assemblyman Pak Chol-on (cousin by the president's father's sister), who some time ago relinquished his post as first minister of state in

the wake of a political commotion he had caused; Kim Pok-tong, the president's brother-in-law; and Kum Chin-ho, husband of the president's wife's sister.

Unlike Assemblyman Pak Chol-on, Kim Pok-tong, a high-ranking retired general, and Kum Chin-ho, an ex-cabinet member, have shied away from all public positions since the installation of the Sixth Republic solely because they are the president's relatives.

Nevertheless, due to the "special places" they occupy, all kinds of rumors about these three men circulate constantly. Particularly, in connection with changes in the power map within the ruling circles, they have become the talk of the town.

—Aside from his influence as the president's relative, Pak Chol-on is the man who, among others, is bound to draw more attention in connection with the course charted by the political world.

It is a well-known fact that Pak exercised nearly absolute influence on President No's political decision-making in the process of inaugurating the Sixth Republic and in the ensuing two years. For this reason, Pak cannot but be an object of concern with regard to his movements during the two months since he quit his job as first minister of state taking in fact the responsibility for the bitter intraparty feud within the DLP [Democratic Liberal Party] last April. These days various questions about Pak are being raised in the political world, such as "How many times has the assemblyman met President No since he quit his cabinet post?"; "Is Assemblyman Pak still playing his role as a core staff officer for the president?"; and "Did or didn't Assemblyman Pak play any role in connection with the recent ROK-USSR summit meeting?"

With regard to Pak's movements since his resignation as first minister of state, his travel abroad from 26 April through 19 May is a widely known fact. He is said to have had a retrospection while touring the United States, Japan, Egypt, Germany, Portugal, and Spain for 20 days or more. There are diverse views as to whether or not Pak played some kind of role during his stay in Tokyo in connection with the ROK-USSR summit. A presidential source jumped up with surprise, saying "it was not the kind of matter in which an assemblyman could possibly get involved." On the other hand, Pak's aides intimated that he played some kind of behind-the-scenes role when they said "what could be accomplished through a channel other than the one which we ourselves established with the Soviet Union?" So, it is difficult to ascertain the truth.

At any rate, according to rumors, the relationship between Presidential Secretary General Han Chae-pong and Kim Chong-hwi, senior secretary for diplomatic and security affairs, on one side and Assemblyman Pak on the other deteriorated during the course of the recent ROK-USSR summit. During his 16 June golf game with

key figures of the DJP [Democratic Justice Party] wing of the DLP, Pak is said to have made a strong complaint to them.

—It has not been confirmed whether Assemblyman Pak visited Chongwadae, besides being present at the family gatherings on the occasions of Chae-hyon's engagement ceremony last month and his wedding on the 20th. In view of the fact that when he was minister of state, President No used to call him up to seek his opinions over the phone, a presidential aide says that it is difficult to find any direct link between the frequency of Pak's visits to the presidential mansion and the measure of his influence.

In particular, in view of Pak's close relationship with Director So Tong-kwon and other key figures of the Agency for National Security Planning and his particular "procurators connection," namely, his close ties with Chong Ku-yong, presidential senior secretary for administrative affairs, and others, it is difficult indeed to fathom Pak's influence on those at the power center.

Assemblyman Pak's standing draws attention not only because of his personal connections but also because of the question whether or not "the master plan for the government operations of the Sixth Republic" allegedly prepared by him will remain in force.

Pak and his group reportedly worked out a three-stage northern policy and even the schedule for the revision of the constitution. The main content of the schedule calls for "holding elections for local autonomy in the first half of 1990—revising the National Assembly Election Law and revamping various statutes in the second half of the 1990—revising the constitution and holding a general election in the first half of 1991."

However, due to the side effects of the DLP inaugural convention, the plan to introduce local autonomy has been put off once again and the prospect for revising the constitution has become murky. As a result, chances are high that the master plan prepared by the Pak group will end up a map exercise.

Pak himself said, "I really spoke my mind, instead of mincing matters for the sake of formality. So, I would say the master plan has gone back to the drawing board as it should." He spoke his mind when he said, "I will stay quiet, pondering how I wanted to do too many things too fast and regretting it."

On the heels of the dissolution of the policy study team which he led, Pak recently decided to replace Assemblyman Yi Chae-hwang by a non-politician as head of the Wolgyesu-hoe [laurel tree society], a private organization. This move indicates that he is narrowing his scope of activity.

—Kim Pok-tong, another focus of concern in the political world along with Assemblyman Pak, became the talk of the town for a short while in the wake of the

political tempest over the resignation of Chong Ho-yong as a National Assembly member, but he is living quietly now. Nevertheless, he has met Kim Chong-pil, DLP supreme council member, three times since the inauguration of the DLP, once again drawing the attention of the political world.

There has been a lot of speculation over the frequent meetings between Kim Chong-pil and Kim Pok-tong, but it seems difficult to attach an immediate political significance to these meetings. After one of his meetings with Kim Pok-tong, Kim Chong-pil said that "there is no reason why he cannot play politics." But Kim Chong-pil added, "no subject was broached which could be of any political significance."

The prevailing view is that Kim Chong-pil is trying to establish connections with his juniors in the military through Kim Pok-tong, who leads the Songbaek-hoe (a society of retired Army, Navy, and Air Force officers) as dean of the community of former military officers. Kim Pok-tong is said to be aware of such intention.

According to a rumor, Kim Yong-sam, senior member of the DLP supreme council, has a profound interest in Kim Pok-tong in view of the latter's weight in the military, as well as his special relationship with President No.

Organizations directly led by Kim Pok-tong include: the Songbaek-hoe, the International Affairs Research Institute, and the federation of top managerial training courses in various colleges. Late last year, he thought of dissolving the Songbaek-hoe and the International Affairs Research Institute, but later he changed his mind and decided to keep them. While touring the country, he held events associated with the association of top managerial training courses in various locations, giving the impression that he was expanding his activities.

He plans to hold an event associated with the same federation in Kwangju on 27 June. He also plans to shift the focus of the coming fall seminar of the International Affairs Research Institute from northern policy issues and problems concerning overseas Koreans to outstanding domestic issues.

—The focus of concern about Kim Pok-tong is the question of whether or not he will launch into the political world. During the 13th general election, he even set up his campaign office in the Taegu-East constituency and declared his intention to run as an independent. But President No persuaded him to give up his plan. Since then, he has kept mum on his future course of action. But the prevailing view is that he may run in the next general election.

As a matter of fact, the organization he created in the last general election has not ceased its activity altogether, and Kim Pok-tong himself has occasionally visited Taegu.

According to rumors, in view of his propensity as well as his desire for "politics," the opposition made secret

negotiations with him after the political restructuring in order to draw him into the opposition.

Rumors are circulating among political circles that the PPD [Party for Peace and Democracy] carried out negotiations to persuade Kim Pok-tong, Kang Chang-song, and Ko Myong-sung, and other high-ranking general officers to join the PPD. In the Democratic Party also, President Yi Ki-taek sent his aide on several occasions to ask Kim Pok-tong to join his party.

In these negotiations, Kim Pok-tong is said to have been noncommittal, but the prevailing view is that judging from his relationship with President No, it will be difficult for him to choose to join an opposition party. On the other hand, the current situation within the DLP is such that it is not easy for him to build his power base in it. So, as things stand now, he seems to be undetermined.

Rumors are circulating that Assemblyman Pak Chol-on has recently launched activity aimed at the Taegu-East constituency from which Kim Pok-tong once intended to run for the last election. But when this was mentioned, Pak himself jumped up in surprise, saying "this is not the time to think of a constituency." According to hearsay, National Assembly Speaker Pak Chun-kyu, who was elected from this same constituency, urged Pak to exercise self-restraint.

—Unlike Kim Pok-tong and Pak Chol-on, Kum Chin-ho has been mostly the talk of the business community. A lot of rumors are flying around Kum partly because he is so close to President No that the president feels most comfortable talking to him, and partly because the first lady Kim Ok-suk holds her only sister Kim Chong-su (the wife of Kum Chin-ho) so dear.

As a matter of fact, according to a presidential aide, the first lady keeps no personal female secretary in view of the controversy generated around [the then first lady] Yi Sun-cha's woman secretary during the Fifth Republic, and has Mr. Kim [as published] practically act as her chief secretary.

For various reasons, Kum Chin-ho's influence has become a subject of speculation in the political and economic communities. People began to talk about his influence over personnel appointments, particularly in the wake of the appointment of Pak Pil-su, president of the University of Foreign Studies, his intimate friend, as minister of trade and industry in the 17 March cabinet reshuffle.

Regarding Pak pil-su's appointment, Kum said, "it is a fact that I like Mr. Pak and he and I really see eye to eye." But he explained: "It is not true that I recommended him. It is true, however, that President No asked for my opinion on the list of would-be appointees to cabinet posts prepared by the Chongwadae secretariat."

Commenting on the rumor that he is the "godfather of the economic community" just as Yi Won-cho was in the days of the Fifth Republic, Kum said that "I do often

hear of such rumor," and complained of his predicament, saying "I feel sad because I cannot do anything due to my fateful ties with the president, and that kind of rumor is really unfair."

The official titles Kum holds include: standing advisor for the Trade Association; chairman of the board of directors, the International Trade and Management Research Institute; and chairman of the board of directors, the International Toegye Academic Society.

Among the board members of the aforementioned research institute in particular are: Yi Song-ki, former minister of energy and resources; Pak U-hui, Seoul National University professor; Yi Kyu-haeng, president of HANGUK KYONGJE SINMUN; Han Pon-su, former president of Korea Trade Promotion Corporation [KOTRA]; Pak Song-yong, chairman of the Kumho group; and Kim Chae-kyom, vice president of the Ssanyong group. This lineup of luminaries is indicative of Kum's scope of activity.

Because of his ties with these organizations, he is engaged in overseas activities also, frequently visiting the Soviet Union, China, and other countries. He has a very strong desire to run for the 14th general election.

After his desire to run for the election at the outset of the Sixth Republic was frustrated as that of Kim Pok-tong's, Kum often went down to Yongju, his native place, in North Kyongsang Province, for his activities. Kum said, "I declared to Kim Chin-yong, the incumbent assemblyman, that we shall have a clean competition for nomination for the next general election."

The three men—Pak Chol-on, Kim Pok-tong, and Kum Chin-ho—are close relatives, but they are known to be in a delicate relationship with one another. In particular, rumors about "discord" between Kum and Pak are widespread.

Regarding these rumors, Kum said, "because I am his senior, when I have trouble, he is free to point it out, isn't he?" Thus he did not deny what was going on between them. "However," he said, "Assemblyman Pak is an incumbent while I am not, so I take care to see nothing goes wrong between us."

Kim Pok-tong and Kum Chin-ho, who are in the same boat in a sense, seem to maintain a close relationship. On the other hand, according to Kim's aide, Kim is very careful about Pak, particularly in view of the difficult position he has been in since his resignation as state minister.

*** 'Excessive' Competition in Robotics Industry**
902C0250A Seoul HANGUK KYONGJE SINMUN
in Korean 21 Jun 90 p 15

[Article by reporter Yuk Tong-in: "A Trend of Explosive Growth—Businesses Heating Up Over a 100 Billion-Won Market"]

[Text] A fierce robotics war is raging over a 100 billion-won market.

Lately, as the nation's competitiveness in the international markets has declined because of labor disputes, the won currency appreciation and other factors, winds of factory automation (FA) have begun to sweep over industries and, as a result, the robotics market is suddenly picking up.

Currently, approximately 30 firms are competing in the domestic robotics market. While the competition for new product development and market control is intensifying among advanced firms such as Samsung Aerospace Industries, Goldstar Industrial System and Daewoo Heavy Industries, companies including Hyundai Robotics Industries and Kia Machine Tool Co. announced their branching into the field. Toosan Manufacturing Co., Mando Machinery Corp. and Hankook Hwanak also have made their way into the market.

All these companies, emerging from the manufacturing of old-type robots such as the conventional welding and assembling robots, are focusing on development of core elements, the production of precision special-purpose robots and development of unique Korean models.

Leading products in the domestic market at the moment are Goldstar's "Robostar" and Samsung's "Weiseman."

The two firms are running a close race, each planning to sell more than 200 robots this year.

They are in a seesaw race in the technological development competition, too.

As for the horizontal multi-joint type robot, Samsung developed it ahead of Goldstar, while Goldstar was a step ahead of Samsung with the direct drive (DD) type.

With the DD-type robot for use in the high-speed ultra-precision machining such as the semiconductor assembly, Goldstar succeeded in its development in September last year. It was the fourth in the world to do so, next to the United States, Japan and West Germany.

Goldstar's DD-type robot is a high-tech product that solved the problems of structural complexity and limited velocity and precision of the conventional-type robots using servomotors. Its velocity is 6,500 mm per second and the repeatability precision is plus minus 0.008 mm. It is capable of ultra-precision work up to the level of one tenth the thickness of a hair.

Samsung's DD-type robot, developed right after that, has a velocity of 7,000 mm per second. Its precision is plus minus 0.008 mm.

Characteristics of this Samsung product in particular are that the user can easily utilize it in practical work by self-developing and applying robot language, and that it can also be connected with the personal computer (PC) for on-line or off-line programming.

Goldstar's strategy is to foster the horizontal multi-joint type and the DD-type robots into the world's top commodities for the year 2000.

To that end, Goldstar is expediting the installation of a special production line, development of controllers and parts and the specialization of business organization.

Samsung, which owns all types of robots including those for processing, assembly, welding, hauling and painting, is striving to give them the "robotics operating capability" that connects the production line and the robots.

These two companies are also preparing to develop of vertical multi-joint-type multi-purpose robots to diversify and expand the applications of the existing models, and high-performance artificial intelligence (AI) robots employing the vision and various other sensor technologies.

Furthermore, Samsung is developing a multi-robot controller—a single controller that controls two robots—while Goldstar is pushing the development of special-purpose robots such as one for use at nuclear power plants.

The two companies also lay emphasis on developing low-cost Korean-model robots based on domestic technology. In this connection, Samsung is planning to show within this month a sample piece costing less than 8 million won—a popular-version combination of controller and module-type horizontal multi-joint robot.

Goldstar is also working to bring down the prices of its robots.

Besides Samsung Aerospace Industries and Goldstar Industrial Systems, firms making a strong showing in the robotics field also include Daewoo Heavy Industries, Hyundai Robotics Industries and Kia Machine Tool Co., which are all affiliated with auto makers.

It is because welding and painting in the auto industry are among the processes in which robots are most needed.

In Daewoo's case, it completed an automated plant with a total floor space of 33,300 pyong in Changwon last year by spending 10 billion won.

This company—which produces polar coordinates-type five-axis robots, cartesian coordinates-type robots, the five-axis vertical-joint-type NOVA-10 for welding and pick-and-place, the six-axis-joint-type NOVA-16, and a gantry robot for use in hauling 150 kg-level weights—plans to produce more than 250 robots and controllers each annually.

Hyundai Robotics Industries embarked on the home production of spot welding robots 8086AM10, 8601AM10 and 8608AM11. It is also home-producing and supplying the 7501AE, 7601AE and 7602AP models which are for arc welding.

Hyundai has also opened an era of Korea-Japan joint industrial robot development by participating in Nachi Corporation's project to develop a next-generation robot of a strategic model. Hyundai and the Japanese company maintain a technological tie-up between them.

Kia Machine Tool Co., also in a tie-up with Japan's Kawasaki Heavy Industries, put into home production the high-performance spot-use pick-and-place robot EX-100 and is producing on its own EA-65, EA-100 and EB-50, and ES-50 for stud welding.

Besides the auto-related enterprises, Goldstar Electric Machinery Co. recently spent 500 million won for research and development and produced a polar coordinates-type robot exclusively based on domestic technology.

This robot is widely used for the purpose of loading and unloading of materials for processing, sealing and assembly. It uses a four-axis drive method simultaneously using four DC servomotors, its maximum hauling capacity being 6 kg and the per-second velocity 1,800 mm.

Goldstar Electric Machinery Co. plans to step up efforts in the future to secure controller and computer technology to connect robots to systems, standardize peripheral equipment and to promote integration of central sites.

Toosan Manufacturing Co. is supplying the MOTOMAN series in a technological tie-up with Yasukawa Electric Manufacturing Co. of Japan. While focusing on the arc sealing and spot processing fields, it is also hastening serious preparations to make inroads into the pick-and-place field.

Kishin Engineering Co., in a technical tie-up with the Japanese Sakura company, is supplying press conveyor

robots of a popular low-cost version and four-axis and two-axis pick-and-place robots.

Meanwhile, Samsung Heavy Industries recently branched into the robotics industry in a technological tie-up with the Swedish ABB Robotics company. It has embarked on full-scale production and marketing of six-axis vertical multi-joint-type robots of altogether 15 models of 9 types (for assembly, hauling, painting, welding, grinding and other types of work).

In addition, Mando Machinery Corp., Hankuk General Machinery Co., Kolon Engineering and Samsung Electronics Co. have either branched or are about to branch into the robotics industry.

However, it is only a handful of businesses that are currently involved in the efforts for domestic robotics technology. A considerably large number of enterprises are still relying on foreign technologies, creating a pattern of technological subjugation or even a proxy war involving foreign businesses.

This has resulted in an excessive price-slashing war. For instance, the arc welding robot, sold at approximately 35 million won until last year, is these days sold for about 25 million won, while the spot welding robot, which once had a price tag of 50 million won or so, is now sold at 40 to 45 million won levels, a cut of more than 20 percent.

Especially, those new faces in the field that have been engaged in the marketing of Japanese-made robots since late last year are fanning the competition through a fierce price offensive aimed at retaining their market shares. Therefore, industrial robot prices are likely to decline further.

Therefore, a significantly large number of small businesses, so far hesitating to use robots because of the high prices, are expected to begin using them. At the same time, however, the excessive competition as seen in the price war has sparked fears of a collapse of the nation's robotics industry that still remains in an assembly stage.

Burma

Melbourne Reports Troops Fire on Demonstrators

BK0808091590 Melbourne Overseas Service in English
0803 GMT 8 Aug 90

[From the "International Report" program]

[Text] Troops in Mandalay, the second largest city, in Myanmar [Burma] have opened fire on a pro-democracy demonstration being led by Buddhist monks reportedly killing several people. The protest by about 5,000 people was being held to mark the second anniversary of the brutal crackdown in the capital, Yangon [Rangoon], against democracy demonstrators when several thousand people were killed. Radio Australia's correspondent Nicholas Stuart told Brian Abbott that it was not known who gave the orders to the soldiers to open fire on what was a peaceful demonstration.

[Begin recording] [Stuart] It is not clear exactly what caused this particular outbreak. The monks were leading a large demonstration of about 5,000 people. It is the second anniversary of the (?massive) demonstration against the military government in which many people were shot dead two years ago. The Army had not apparently ordered that the demonstration be stopped. They did not say that it could not go ahead, but apparently as the monks were leaving and starting to return home, soldiers blocked their way, there was a confrontation, and shots were fired.

[Abbott] Would the order to fire come from Yangon or would it be taken by a local commander?

[Stuart] It could well have come from a local commander during the confrontation. It is just part of the...[changes thought] It is a general atmosphere of violence and terror and intimidation that the Army has been trying to enforce again. There was a brief period of calm straight after the elections about two and half months ago. Now the Army is obviously brutally cracking down again and completely unwilling to accept the verdict of the ballot box.

[Abbott] Do you know how many casualties there were in Mandalay today?

[Stuart] At this stage, we do not. We have only been able to speak to diplomats. There is no clear indication of how many monks had been killed, but apparently a number of monks are dead.

[Abbott] Was it a short burst of fire or did they fire until the crowd dispersed?

[Stuart] Yet again, that is not clear. It appears as though a couple of short bursts of fire may have started. It started during the confrontation, and then once the firing began, it must have become general. Apparently as soon as the firing started, everyone who were ... [changes

thought] they were already in the process of dispersing, it was just a situation [words indistinct] the demonstrators trying to run for their lives.

[Abbott] Will the Army's hard hand end the current round of demonstrations, or is it likely to spark more until they hand over power to the elected government?

[Stuart] It is very hard to know at this point. It seems it could go either way. The National League for Democracy has appealed for calm. They have set the end of September deadline for the military junta to call the Parliament. Last time when there was a massive outbreak, it started over a fight in a teashop. This time it is hard to know how people will react to the killings, whether or not they will be stunned and horrified that the Army has again shown its willingness to use force, or whether or not they are going to come out onto the streets in a new massive protest. If they do, it appears as though the Army will just attempt to crush that in the same way as they did in the last round of protest two years ago. [end recording]

Radio Denies Rumored Deaths of Students, Monks

BK0708145690 Rangoon Domestic Service in Burmese
1330 GMT 7 Aug 90

[Text] Unscrupulous people have been spreading rumors in Mandalay and Yangon [Rangoon] in recent days so as to create unrest in the cities. The rumors spreading in Yangon say that some students created disturbances at several high schools in Mandalay, that security units had to shoot to disperse the crowd, that the shootings killed two male students and a female student, that about 20 monks and students were arrested, that the schools where the disturbances occurred had been closed down, and that security personnel bayoneted a student and a woman to death and arrested several monks in Ma-Soe-Yein Monastery.

Similarly, many rumors are also being spread in Mandalay. They say disturbances broke out at No. 11 and No. 13 State High Schools; that security personnel had to enter the schools to break up the crowds; that two male students, a female student, and two monks were bayoneted to death by the irascible security personnel; and that the bodies of those killed were taken away by the security personnel.

The truth is that some monks gathered inside the U Htwa Pagoda compound in Mandalay at about 1300 on 5 August. Responsible officials and the security personnel tried to stop them, but at about 1600 about 200 monks came out of the compound making loud noises. They dispersed when the security personnel arrived.

On 6 August, between 30 and 60 students gathered in the compounds of No. 3, No. 5, No. 9, No. 15, and No. 16 State High Schools and shouted and made loud noises. The teachers and the parents calmed those making noises, and the schools were closed shortly thereafter. The students dispersed peacefully.

Also on 7 August, about 30 to 50 students gathered in the compounds of No. 1 and No. 2 State High Schools and made loud noises. The teachers and the parents calmed those making noises, and the schools were closed shortly thereafter. The students dispersed peacefully.

The rumors that are quite different from the truth are purposely being spread by those unscrupulous people who want to take advantage of the situation, to disrupt peace and tranquillity, and to cause instability of commodity prices in collusion with the unscrupulous businessmen. Security organizations and responsible officials concerned are investigating those behind such rumors. People are asked to be wary of the fact that unscrupulous people will always try to spread such rumors so as to cause unrest and destroy the nation.

Delhi International Views Transfer of Power

*BK0708144890 Delhi External Service in Burmese
1130 GMT 7 Aug 90*

[From the "Current Myanmar Affairs" program by U Maw Thiri, head of the Myanmar language program]

[Text] Dear listeners, the current Myanmar [Burmese] military government is giving priority only to the tasks that it is interested in rather than seeing to the duties that the people hope would be fulfilled. When some try to point out what it is that the people want, the military regime accuses them of being outmoded and narrow-minded. The 40 million people in Myanmar are ardently waiting for the military regime to resign immediately and for a civilian government to take over the helm.

The question of forming a civilian government should be tackled first if a civilian government is to start performing its duties. The National League for Democracy [NLD], the party which won the elections by a landslide, has [words indistinct] transfer the power to the government it will form. Meanwhile, the military government has been feigning ignorance and acting as if the NLD headed by Daw Aung San Suu Kyi does not represent the majority of the 40 million Myanmar people. Although the NLD won the 27 May elections by a landslide, the military regime is saying that the voter turnout in real terms was only 40 percent and the remaining 60 percent did not vote. This being the case, the military regime has repeatedly been saying that the NLD headed by Daw Aung San Suu Kyi is therefore not a party that represents the majority, it has no right to form nor should it form a government. It says the military government will not hand over the power immediately. There is neither rhyme nor reason to support the argument put forward by the Myanmar military government.

The people have the right either to cast or not to cast their votes. The party that wins the majority of the votes cast is naturally the winner. The NLD won a total of 80 percent of the votes cast and 396 seats out of the 485 seats at stake. Once the election outcome is announced officially, the NLD can make plans to form a government. Because the incumbent government has not

invited the NLD to do so, the NLD has unilaterally announced the formation of a government. [sentence as heard] It has explained the situation to the world nations and has requested the immediate recognition of a civilian government it has formed. Nations that do not respond to such a request will automatically be manifesting their own overwhelming weakness.

The Myanmar military government, while ignoring the demand of the Myanmar people to form a civilian government, which is the top desire in the minds of the people, has been devoting itself to urban beautification tasks which are unimportant to the country. It is also giving priority to rebuild the economy that has been in ruins over the past almost 30 years.

The people want the Defense Services personnel to remain in the barracks and to administer the security and defense tasks of the state, but the generals who are military leaders and members of the government do not want to return to the barracks and are constructing big buildings, sports stadiums, shops, theaters, restaurants, hotels, and religious structures throughout the country with the hope of making the people fully accept their rule. It appears that the generals believe the people will turn to love and accept them and forget about democracy and the civilian government once shops are opened and foreign goods become available in abundance throughout the country and if the sounds of music and gaiety can be heard among the people.

At this point, I wish to bring the attention of the listeners to the democratic mass movements that erupted like strong tidal waves in China, Hungary, Yugoslavia, Czechoslovakia, Romania, and the other countries. Those countries were not lesser developed countries like Myanmar; they were rich. Not only were their cities grand, their transport and communications networks were also very well developed. Despite living under such conditions, the people there overthrew the evil dictatorship system and flew high the victory banners of democracy. This shows that democracy transcends material well-being. You, 40 million democracy-loving people in Myanmar, should remember the examples set by the people of the major nations in Europe and should make a pledge that you will neither remain cowed by threats nor coaxed by promises until a civilian government assumes the duties of installing democracy in the country.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Urges Front Components To Close Ranks

*BK2807163790 Kuala Lumpur RTM Television
Network 1 in Malay 1200 GMT 28 Jul 90*

[Station correspondent Ganesan's recorded report on remarks by Malaysian Prime Minister Datuk Sri Dr.

Mahathir Mohammed at the inauguration of the 37th Malaysian Chinese Association general assembly in Kuala Lumpur on 28 July]

[Excerpt] [Ganesan] Prime Minister Datuk Sri Dr. Mahathir inaugurated the 37th MCA [Malaysian Chinese Association] general assembly in the federal capital. The dynamic economic growth was the result of Barisan Nasional's [National Front] administration. Malaysia's achievement is envied by certain countries that are unable to recover from the economic recession.

[Mahathir] For the sake of the people's and national interest, we need to ensure that Barisan Nasional will continue to be successful and maintain its current administration. Barisan Nasional components should have a responsible attitude. We should not let problems impede us, especially those that could divide us and lessen our effectiveness. If there are problems, they should be resolved with consultations and an open mind. All parties should close ranks after those problems have been resolved and continue their efforts toward achieving greater success for their parties and Barisan Nasional. An attitude of compromise such as that recently undertaken by the MCA should be an example for all Barisan Nasional components.

[Ganesan] Dr. Mahathir, who is also the Barisan Nasional chairman, called for stronger cooperation among the components, particularly in facing the upcoming general elections. Differences among the components will sometimes cause their supporters not to support other party candidates. They will not consider the candidate from the other component as a Barisan Nasional candidate and will make every effort to topple that candidate. Sometimes, they sponsor an independent candidate to undermine a Barisan Nasional candidate.

[Mahathir] This is dangerous because if we take such an action against another component, that particular component will in turn retaliate with a similar action on our candidate in another constituency. As a result, both parties will suffer and Barisan Nasional will lose. Therefore, we should be loyal in supporting Barisan Nasional in the upcoming general elections. No party will benefit by cheating. Anyone who cheats will be defeated.

[Ganesan] The prime minister clarified that the opposition is currently duplicating the example of strong cooperation within the Barisan Nasional. The opposition front's existing pact is only meant for the upcoming general elections. Their duplicated front is only temporary, shallow, and unable to establish a stable government.

[Mahathir] It is the responsibility of every member of the Barisan Nasional to expose any planned cheating. People should be informed of such a plan so they can protect themselves.

[Ganesan] Dr. Mahathir clarified that Barisan Nasional's concept of cooperation was clearly indicated in previous general elections and in numerous recent

by-elections. The spirit of cooperation and loyalty and the attitude of giving priority to people's and national interest enabled the Barisan Nasional to overcome any obstacle.

[Mahathir] What is important is that we in Barisan Nasional need to further enhance our cooperation in trying to eliminate numerous issues or problems. We are moderate parties and believe that in a multiracial country such as Malaysia no particular group or race will receive all of its demands. Each group should take into account the the other groups' interests. Any group that is intolerant should not be in Barisan Nasional. The opposition will remain as they are because they are uncooperative, intolerant, and immoderate. [passage omitted]

Minister 'Confident' of Economic Improvement

BK2707082590 Kuala Lumpur International Service in English 0600 GMT 27 Jul 90

[Text] Malaysia has secured foreign investments totaling 13,000 million ringgit during the first six months of this year. The deputy prime minister Mr. Ghafar Baba said the investments provided 680,000 jobs for Malaysians. This represents [words indistinct] between 1991 and 1995 about 1 million new jobs will be created. He was addressing about 500 members of the Chinese community in Kuala Linggi in the state of Melaka.

Mr. Ghafar is confident that the Malaysian economy would continue to expand and foreign investors would have no fear in investing in Malaysia provided peace and stability are guaranteed. To ensure peace and stability, he said it was necessary for all Malaysians including the Malays, Chinese, and Indians to remain united.

National Front Candidate Wins in Melaka

BK3007074390 Kuala Lumpur International Service in English 0600 GMT 30 Jul 90

[Text] The Barisan Nasional [National Front] has retained the Kuala Linggi state constituency in Melaka. Its candidate, Ibrahim Durum, beat independent Abdul Ghani Long in yesterday's poll. Mr. Ibrahim, age 37, secured 5,447 votes while Abdul Ghani, age 56, obtained 752 and lost his deposit. About 70 percent of the 8,900 voters in the constituency cast their ballots.

Cambodia

More on 19th Session of First National Assembly

7 Aug Afternoon Session Held

BK0708152390 Phnom Penh Domestic Service in Cambodian 1300 GMT 7 Aug 90

[Text] On the afternoon of 7 August the 19th session of the first National Assembly continued its work with lofty sense of responsibility for the future of the motherland.

This afternoon the assembly members listened attentively to the explanation by Comrade Kong Korm, minister of the State Affairs Inspectorate, on the inspection work; an explanation by Comrade Uk Bunchhoeun, minister of justice, on the enforcement of state decrees and laws; an explanation by Comrade Tie Banh, minister of National Defense, on requests relating to local defense tasks; and an explanation by Comrade Thong Khon, chairman of the Phnom Penh Municipal People's Committee, on the use of [words indistinct].

The session adjourned at 1700 and will continue tomorrow morning.

Dismissal Requests Approved 8 Aug

*BK0808060990 Phnom Penh Domestic Service
in Cambodian 0403 GMT 8 Aug 90*

[Text] On Wednesday morning, the first National Assembly's 19th session busily continued its work for the sixth day.

This morning, the Assembly session listened with a high-sense of responsibility to the explanation of Comrade Sar Kapon, deputy education minister, on education issues; the explanation of Comrade Top Sam, deputy trade minister, on the purchase of agricultural products, the allocation of building materials to localities, and import-export activities; the explanation of Comrade Tram Iev-toek, deputy communications, transport, and posts minister, on the allocation of reserve materials for building and repairing bridges and roads; and the explanation of Comrade Chhea Thang, deputy health minister, on hygiene, a clean water network, and a request for digging wells in Kompong Speu Province.

Later, Assembly members unanimously adopted the amendment to the state budget in the first half of the current fiscal year and targets for the second half of 1990. This was read by Comrade Men Chhan, chairman of the Assembly's Planning, Economic, and Budgetary Commission. The Assembly also approved requests to relieve Comrade Vandi Ka-on of his duties as member of the Council of State, deputy for the Battambang constituency, and chairman of the Assembly's Legislative Commission; Comrade Ung Phan from his duties as communications, transport, and posts minister and deputy for the Prey Veng constituency; Comrade Chheng Phon from his duties as information and culture minister, deputy for the Kompong Cham constituency, and member of the Assembly's Legislative Commission; and Comrade Yit Kimseng from his duties as health minister.

Concurrently, the Assembly unanimously agreed on the appointment of Comrade Chem Snguon as chairman of the Assembly's Legislative Commission; and the appointments of Comrade Van Phan, deputy for the Kampot constituency, and Comrade Som Chen, deputy for the Kampot constituency, as members of the Assembly's Legislative Commission.

The session adjourned at 1015 and will resume this afternoon.

Ministers Elected 8 Aug

*BK0808142090 Phnom Penh Domestic Service
in Cambodian 1300 GMT 8 Aug 90*

[Text] On the afternoon of 8 August, the 19th Session of the First National Assembly continued its work with a high sense of responsibility toward the destiny of the motherland.

This afternoon, the assembly members elected Comrade Chem Snguon as member of the Council of State, in place of Comrade Vandi Ka-on, and four other members of the Council of Ministers, namely Comrade Ros Chhun as minister of communications, transports, and posts; Comrade Hang Chuon as minister of information and culture; Comrade Yim Chaili as minister of public health; and Comrade Yos Son as minister of education.

The session adjourned at 1600 and will continue tomorrow morning.

Chea Sim's Opening Speech

*BK0408095390 Phnom Penh Domestic Service
in Cambodian 1300 GMT 3 Aug 90*

[Speech by Chea Sim, member of the party Central Committee Political Bureau and chairman of the National Assembly, at 3 August opening ceremony of the 19th session of the National Assembly in Phnom Penh—recorded]

[Text] Today, the National Assembly of our State of Cambodia begins its 19th ordinary session in order to examine, sum up, and evaluate the general situation in all aspects of the national, social, and economic administrations, and, in its capacity as the top body of the state, to direct the implementation of these fields of work in the second half of 1990 and the following years.

In line with the above-mentioned important essence and with the spirit of great national union around the Kampuchean People's Revolutionary Party, all our National Assembly members are entrusted with the noble mission of actively contributing to achieving a brilliant result to this assembly session. This result should be closely linked with the present general situation in our national society and serve as a bright beacon leading us to surmount all obstacles, difficulties, and shortcomings in our state's constant advance toward completely achieving final victory and genuine social progress.

Dear comrades and friends: The span between the 18th and 19th sessions constituted an important period in which our army and people have opposed and thwarted the attempts made by the enemies of all stripes, with the genocidal Pol Pot clique as the core of their military forces, in order to return to power following the total withdrawal of the Vietnamese volunteer troops from Cambodia.

Another serious defeat suffered by the tripartite group and the genocidal clique is their increasing isolation in the international arena. Particularly, there has been more vigorous world condemnation of their past genocidal crimes, their current violations of human rights in refugee camps, and the alliance of the three evil groups which have always obstructed the world community's efforts to seek peace for the Cambodian people. As a matter of fact, countries in the European Community have shown that they can no longer compromise with the Pol Pot-Khmer Rouge clique nor continue to recognize its illegal seat at the United Nations, and that they will absolutely not allow the clique to return to power through military means. At the same time, they cannot allow the clique to continue enjoying the right to veto the peace solution. Particularly, they have lost their hope in and no longer trust that the clique is a nationalist, patriotic, or national-liberation movement.

The shift of the U.S. stance on the solution to the Cambodian problem, by dropping its recognition of the tripartite coalition's seat at the United Nations, deciding to hold talks with Vietnam, and considering the granting of humanitarian aid to the Cambodian people, constitutes a correct attitude which has been welcomed by international public opinion, including important politicians and the American people. The State of Cambodia welcomes this constructive attitude of the U.S. Government which is launching activities similar to the Cambodian people in the search for a political solution based on the prevention of the genocidal Pol Pot clique's return and the implementation of the Cambodian people's right to self-determination through free elections in Cambodia.

We welcome the coming Vietnam-U.S. negotiation on the Cambodian problem, hoping that this negotiation will lead to a concrete result and will further consolidate the Cambodian people's right to self-determination based on the principle that the Cambodian people themselves must settle the internal problems of Cambodia.

The National Assembly of the State of Cambodia expresses its thanks to many U.S. senators and congressmen who have strived and are striving to persuade the U.S. Government to take a positive stance regarding the Cambodian problem.

With sincere desire to end the war and bring peace to our people and motherland, our State of Cambodia has displayed its good will, made concessions, and carried out diplomatic activities in cooperation with the world community and countries in this region to the point of achieving an important preliminary document, first of all in Bangkok and later on in Tokyo, which serves as a basis for a permanent cease-fire, complete end to all aid, and a free and fair democratic election under international supervision.

The National Assembly of the State of Cambodia expresses its thanks to the world community for its arduous efforts and contribution to the search for a

political solution to the Cambodian problem. The assembly also welcomes, with deep gratitude, the voices of conscience uttered in the five continents of our world in opposing, isolating, and condemning the genocidal Pol Pot clique which is the permanent source of the serious disaster in Cambodia and the new fascist group in Southeast Asia. The assembly also welcomes those voices of conscience who spoke for safeguarding peace and stability in this region and elsewhere across the world.

Dear comrades and friends: The resounding victories in military, political, and diplomatic fields won in the first half of 1990 are definitely linked closely with the solidity of our political, economic, social, and cultural life in our national society.

In this connection, first of all, we must be aware of the great service made by all our Armed Forces and people who have united closely and struggled to improve the military situation and ensure security even more splendidly than ever before. In so doing, they have prevented the enemies from destroying our national society and have made all kinds of sacrifices with great courage and lofty spirit of patriotism in order to serve the battlefield.

It is true that while our state is concentrating on carrying out countless tasks [words indistinct] and in a situation when our national society advances from [words indistinct] lacking intellectual ranks, technical know-how, and [words indistinct] and has been facing war of destruction and bloodshed in the past more than 11 years, we cannot avoid encountering obstacles and difficulties. This is an essential factor that all of us must recognize so as to mobilize our new views and activities for more effectively serving the cause of our national defense and construction in the 1990's. This is essential at a time when the whole world is undergoing important changes favorable to ending regional conflicts in line with the plan for a long-lasting peace in the world and a broad, equal, and mutually beneficial international cooperation.

Our State of Cambodia will continue unswervingly to strengthen and expand the good relations with friendly countries near and far and is ready to expand the friendly and diplomatic relations with the neighboring countries and countries in this and all other regions on the basis of equality, respect for each other's independence, sovereignty, territorial integrity, and mutual benefit in contribution to safeguarding peace in Southeast Asia and the world.

Dear comrades and friends: At a time when our state is making a new step forward, new subjective and objective problems will occur naturally. In addition to the achievements we made in the first half of 1990, there are many more obstacles and difficulties that our National Assembly's 19th session must examine, analyze, and evaluate. This assembly must also mobilize all-around opinion for

seeking a common, fundamental solution to these obstacles and difficulties which can be implemented effectively.

This is an important historic period. All of us, the National Assembly, the government, state institutions, and all citizens, must join in taking responsibility for the destiny of our motherland—the collective house of all Cambodian citizens. The cause of independence, peace, freedom, and happiness is the common desire of the (?people) that all of us must jointly strive to achieve.

In this connection, for its part, our National Assembly must further enhance its work efficiency in the current new phase so as to enable the legislative and executive institutions and the court to vigorously carry out their work in accordance with their role and duties set out in the state constitution. The assembly should also help these organs to cooperate and provide mutual assistance aimed at increasing the ability to administer the state, society, and the economy, and at enhancing the people's confidence in our new regime.

Based on this spirit and with the firm confidence in the brilliant spirit of patriotism of our National Assembly members, I wish this 19th session success in its work on all issues in the agenda. I would also like to thank all national and international guests for their presence.

I now declare the 19th session of the first National Assembly open. [applause]

Phnom Penh Reports 20-30 Jul Combat Activities

*BK0408080690 Phnom Penh Domestic Service
in Cambodian 1300 GMT 3 Aug 90*

[Text] According to reports from the battlefield, on 30 July, the Armed Forces in the 6th Division under the 4th Military Region in cooperation with the combined forces of Bavel District in Battambang Province launched an attack on Headquarters E-107 of Pol Pot's 450th Division, killing 15 enemy soldiers and wounding five others; seizing seven AK's, three B-40's, and a quantity of war materiel; and destroying five hideouts.

Moreover, between 20 and 30 July, the Armed Forces in the 5th Military Region launched a mighty offensive to snare the remnants of the three bandit groups who were attempting to loot our people's rice and property. We killed 41 enemy soldiers, captured another, and seized 44 assorted weapons and a quantity of ammunition and war materiel.

Following this defeat, 61 demoralized and repentant enemy soldiers have surrendered to us and asked for permission to return to their families and our national society.

This victory clearly attests to the lofty feats of arms of our people's Armed Forces and the harmonious cooperation of our combined forces in their determination to effectively check all attempts for the genocidal Pol Pot regime to return to power.

Son Sann Responds to U.S. Policy Change

*BK0408151590 (Clandestine) Voice of the Khmer
in Cambodian 0430 GMT 4 Aug 90*

[Interview with Son Sann, president of the Khmer People's National Liberation Front and prime minister of the Cambodian national government by unidentified station correspondent in Paris on 19 July—recorded]

[Summary from poor reception] [Correspondent] Greetings to his excellency president of the Khmer People's National Liberation Front and prime minister of the Cambodian national government. Please allow me to ask the following questions.

First question: After the end of the two-day meeting of the five UN Security Council members in Paris, what is your view on the outcome of this meeting?

[Son Sann] The meeting took several steps forward on solving the Cambodian issue peacefully and politically. It discussed at length the issue of the supreme national council [SNC], the election and post election situation, and the guarantee of our independence and Cambodia's territorial sovereignty.

[Correspondent] Second question: U.S. Secretary of State James Baker has said the United States will stop supporting and assisting the UN-recognized Cambodian national government and instead will provide humanitarian assistance to the communist Hun Sen government. What are your views on this statement?

[Son Sann] As far as I know, the press has made exaggerations or omissions in the way it has reported this. James Baker's statement contains three major points. "The United States will no longer vote to recognize the tripartite coalition government at the September session of the United Nations." In my view, there is a solution already worked out by the five major powers: They wanted a meeting of all four Cambodian parties to end the fighting and set up an SNC, which will be seated in the United Nations. In a letter to Samdech Sihanouk, I have asked him for permission to call a meeting of the three parties in the coalition government in Paris to discuss the establishment of the SNC.

[Correspondent] Third and final question: In view of this major event, what do you have to say to our compatriots who are waiting for peace inside the country?

[Son Sann] I have already informed His Excellency James Baker about the SNC and will take this opportunity to inform our compatriots. There are two other points in Baker's statement which we should discuss. He said he will talk with Vietnam. To my knowledge, he did not say that "he will do this to provide economic or financial aid to Vietnam." "He did not agree to this." The United States still does not recognize the Vietnamese government. "It is holding talks with Vietnam, and if the latter needs it, humanitarian aid will be provided." Another point in Baker's statement is that "the United States will also provide humanitarian aid to

Phnom Penh" and "not recognize Phnom Penh as reported in newspapers." To my knowledge, this is what Baker said; however, the newspapers have exaggerated in their reports.

"I take this opportunity to appeal to the United States, countries in Europe, and Japan, for compassion for the Cambodian nation and people. The Cambodian problem cannot yet be solved. There are at least 45,000 genuine Vietnamese soldiers in Cambodia," not to mention those wearing Phnom Penh troops' uniforms. "To my knowledge, Vietnam continues to control the Cambodian administration through Vietnamese experts throughout the country." We have always stated that all Vietnamese troops have not yet been withdrawn from Cambodia. "To my knowledge, due to pressure from some circles in the U.S. Congress, Baker had made this kind of statement. But he will continue to assist the nationalists in the coalition government."

"I said a long time ago that Vietnam's goal is to control not only Cambodia and Laos but other Asian countries as well. Now there is a U.S. Congress group that visited Cambodia and issued a statement like what we have said since 1979 that, first, Vietnam's policy is to control not only Cambodia and Laos but all countries in Southeast Asia; and second, there are at least 45,000 Vietnamese troops wearing Vietnamese uniforms in Cambodia and occupying three of our provinces, Stung Treng, Mondolkiri, and Ratanakiri, where Cambodians cannot go." "In these three provinces, there are 100,000 Vietnamese provincial guards." The U.S. side has issued a report on all this.

"Furthermore, in Ratanakiri, Mondolkiri, and Stung Treng Provinces, Vietnam has maintained its forces. There is another force on the Vietnamese side of the border; this force is there ready for an eventual move into Cambodia. Vietnam's goal is to annex Cambodia up to the Mekong River. Compatriots, please be informed. We are not the only ones saying this. We know that the U.S. Congress Task Force has also issued a report on this." "At the border junction of Thailand, Laos, and Cambodia, Vietnam has set up an international force led by Vietnam with Cambodian and Lao troops wearing the uniforms of Hun Sen troops." It is the same situation. Vietnam still wants to annex our country without the international community realizing it.

"Those who have sided with Vietnam and wanted to use the Khmer Rouge as a pretext are wrong." We accept that the Khmer Rouge are bad; no Cambodians want the Khmer Rouge to return to power. "However, Vietnam is worse than the Khmer Rouge; it wants to eliminate and destroy our race. The international community should be made to realize this."

Ranariddh Condemns Iraqi 'Invasion' of Kuwait

BK0808060490 (Clandestine) Voice of the Khmer
in Cambodian 0430 GMT 8 Aug 90

[Text] His Royal Highness Prince Norodom Ranariddh, secretary general of the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia, and supreme commander and commander in chief of the National Army of Independent Cambodia, issued an open letter condemning the invasion of a state by another state under whatever pretext. The prince said that the recent event in the Middle East was an urgent and clear warning to all middle-sized states worldwide. This is a reference to the invasion of Kuwait by Iraqi troops which has installed a regime to rule Kuwait.

Prince Ranariddh said that on behalf of the Cambodian people, victims of the Vietnamese aggression, and the nationalist resistance forces, which have waged a national liberation war against the Vietnamese colonialists for nearly 12 years, he condemned every act of aggression committed by a state against another sovereign state under whatever pretext.

Sihanouk Denies Rejecting Tokyo Communique

BK0808054490 (Clandestine) Voice of the Khmer
in Cambodian 0430 GMT 8 Aug 90

[Text] Cambodian President His Royal Highness Samdech Norodom Sihanouk pointed out that he did not reject the Tokyo joint communique signed by himself and Hun Sen of the Phnom Penh regime. The office of the personal representative of Samdech Norodom Sihanouk in Cambodia and Asia, in a statement issued on Tuesday [7 August], quoted the samdech as saying that he did not reject the Tokyo joint communique he had signed with Hun Sen.

Samdech Norodom Sihanouk stressed that he had not violated any clause of the communique. However, he emphasized that he absolutely had the right to do whatever had not been explicitly stipulated by the Tokyo communique, such as the question of picking the venue for the supreme national council meeting, which has not been specifically determined.

Thai Workers Reportedly Flee Fighting 4 Aug

BK0408035790 Bangkok THE NATION in English
4 Aug 90 p 2

[Text] Prachin Buri—Thai workers building a road in Cambodia fled back into Ta Phraya district here yesterday after fighting erupted near their construction site, security sources said here yesterday. There were no reports of casualties among the workers from fighting that erupted when resistance guerrillas of the Khmer People's National Liberation Front (KPNLF) launched attacks against Phnom Penh troops in an area opposite the district.

The sources said the workers belonged to a Thai company which was hired by the KPNLF to build a road from the Thai border to Svay Chek, a strategic town on Highway 69 which belongs to the government troops. The company was paid Bt [Baht] 15 million for every 20 kilometres of work, according to the sources.

The KPNLF forces managed to capture three villages from government troops, including Baan Khvav, Baan O Veng and Baan Boeng Saton.

Casualties on both sides was not known, according to the sources.

In a separate incident about 20 kilometres south of Aranyaprathet in Cambodia, Maj [Major] Muey Man, commander of a Phnom Penh battalion east of Sisophon, encouraged cross-border trading between Thai and Cambodian villagers. According to the sources, Maj Muey Man said he had set up a market of about 200 newly built shacks and would provide safety to Thai traders.

Ranariddh Addresses Fighters at Site B Camp

BK0208122590 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 2 Aug 90

["Excerpts" of address by Prince Norodom Ranariddh, supreme commander and commander in chief of the National Army of Independent Cambodia, secretary general of the National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia, and personal representative of Samdech Norodom Sihanouk, to the Cambodian people and fighters at the Site B refugee camp on 15 July—recorded]

[Summary] "Today, I wish not only to meet all of you but also to inform you of the current situation of the struggle for the liberation of our sacred Cambodian motherland.

"All of you who are carrying out the historic mandate to emancipate our venerated motherland must surely want to know how much have we achieved in the past 11 years of struggle and what direction this struggle is taking now. You have heard a lot about negotiations and cease-fire, but the fighting inside our country and the bloodshed are still going on. For this reason, some of our brothers in the ranks of the National Army of Independent Kampuchea [ANKI], in Samdech Euv's [Sihanouk's] camps, as well as inside Cambodia, could be mistaken and doubtful about such a situation and about the nature of the war in Cambodia. Others have said that the present war is no longer a national liberation war but a civil war, a bloodshed between Cambodians. This conclusion is made from the presumption that there are no more Vietnamese troops in Cambodia after Vietnam unilaterally announced its complete troop withdrawal on 26 September. If that were to be true, there would no longer be any Vietnamese troops and, subsequently, only Cambodians were left, according to the Vietnamese, to fight

one another for power so that the authors of the so-called great leap, namely the Polpotists, would come back to power."

I therefore would like to dispel your misunderstanding about the following points: Vietnamese presence, Vietnamese colonization of the country, civil war, and solution to the Cambodian problem.

"As supreme commander of the ANKI, I would like to solemnly inform you that Vietnam has not completely withdrawn its troops from Cambodia as they have claimed." There are Vietnamese troops disguised as the Hun Sen-Heng Samrin soldiers. This has been confirmed by a Norwegian journalist who visited our Site B camp. This Norwegian journalist witnessed the presence of even more Vietnamese troops in virtually every locality in Cambodia, such as in Phnom Penh, Siem Reap, and Battambang.

In addition to the Vietnamese troops, there are Vietnamese colonies by the thousands. Neak Luong town not far from Phnom Penh is now widely known as Saigon Moi or New Saigon. The roadsides from Phnom Penh and especially from Neak Luong to Saigon or Ho Chi Minh City are entirely inhabited by Vietnamese, according to the same foreign witness. No one can believe the Vietnamese insinuation that they come to Cambodia to save Cambodians from Pol Pot. They come to turn Cambodia into another Kampuchea Kraom.

Another danger is the deforestation of the Cambodian land. The excessive logging is denuding Cambodia of its foliage. If we are too slow to liberate the country, Cambodia will become a desert. Without forests, there will be no rain and the soil will become sterile. There is another danger, which comes from the Mekong Committee. Because we are so busy fighting the war, we sort of renounce our membership in this committee. Vietnam and Laos took advantage of our absence to decide on the construction of a dam on the upper Mekong basin, thus reducing the water that would naturally flow into our Tonle Sap Lake. "Three years ago the water level at the lake dropped by four meters, causing many trees on its bank to die. Without the trees as a natural buffer against soil erosion, the lake has become increasingly shallow. And without the trees there is no spawning ground for the fish; consequently, there are fewer fish in the lake. This is the danger caused by the Hanoi and Vientiane authorities."

Another danger coming from the Vietnamese is the obliteration of the Cambodian frontier. In 1983 after signing a secret treaty between the Phnom Penh and Hanoi regimes, Vietnam moved the border in Kampot, Takeo, and Svay Rieng Provinces and took control of Ratanakiri and Mondulkiri Provinces. Many of you know Phnum Den in Takeo Province. Let me tell you that Phnum Den is no longer on Cambodian soil. It is inside Vietnam now. Vietnam has dug up new canals in Kampot and Takeo and chiseled out the Parrot's Beak region in Svay Rieng.

Do you know why 70 out of every 100 Heng Samrin soldiers have deserted? It is because they know it is meaningless to fight in the interest of Vietnam. Do you know why our ANKI has won so many great victories lately everywhere, especially in Stoung and Kompong Thom? It is because our fighters understand why they are fighting. "Only Khmer can help fellow Khmer. Do not expect any foreigners to sincerely help you. If Khmer do not help fellow Khmer, Central Kampuchea will one day surely experience the same fate as Lower Kampuchea."

I met former French Defense Minister Claude Cheysson, a friend, in Bangkok last April after he visited Cambodia. I told him about the new Vietnamese-Cambodian frontier, about the new Vietnamese canals in Cambodia, and the removal of border stones. He confirmed those facts.

"That is why we must continue to fight the Vietnamese. We must support the historic deeds of patriotic heroes within Samdech Euv's army and within the Khmer Rouge army. We must accept the Khmer Rouge fighters because there are no Chinese in the Khmer rouge ranks. They are all Khmer, like us. The only difference is that they wear caps and Khmer Rouge uniforms, while our men are dressed in paratroop uniforms. We have the same blood, the blood of fellow Angkorians. The Khmer Rouge army is not made up entirely of bad people. There are even more patriots than anything else."

"Some people are mistaken. They complain of endless fratricidal fighting, of endless bloodshed. You can be sure that without the bloodshed the Vietnamese would not come to the negotiating table. Would you believe that without the Cambodian resistance movement Vietnam would spit up and return Cambodia to us? Would you believe Vietnam is going to return Cambodia if we stop fighting? Without us, would Vietnam return Cambodia? Would Vietnam talk to us? Would it negotiate without us? Fighting is the correct thing to do. Vietnam has been forced to negotiate, to change from being intransigent to agreeing to negotiate because of all of you patriots." [applause]

We must not stop. We must continue the struggle to give meaning to the sacrifices of our fallen heroes. Do not forget, Khmer must help fellow Khmer; no one loves Khmer more than fellow Khmer. I do not believe there is anyone who loves the Cambodian nation more than Cambodians. I give all credit to you. You are even more valuable than I. Therefore, if Vietnam agrees to negotiate with Samdech Euv through Hun Sen, it should be seen as a success of all of you, the genuine patriots, the genuine heroes. [applause]

The Vietnamese boast about their victories. They say they beat the Chinese, the French, and the United States. They claim to be invincible. They consider us as not being their match, we who once built Angkor Wat while they are only earthly hut builders!

"Did the Vietnamese build anything other than huts? [No! echoed from the crowd] Who built Angkor Wat?

[Khmer! echoed from the crowd] Therefore, do we Khmer accept to surrender to the dirty Vietnamese? [No! echoed from the crowd]

"If we really look at them, then we will realize that they are not that great, that we can match them.

"As I have often informed you, Samdech Euv is our father, the father of the Khmer. Whatever he sees that can bring peace back to his children he will do. This is why Samdech Euv agreed to sign the agreement with Hun Sen. He wants peace. However, we see that the Vietnamese are not sincere, just as in 1972-73." Hun Sen, Heng Samrin, and Chea Sim, who joined Pol Pot in massacring Cambodians from 1970 to 1978, claimed to be patriots. They invited the Vietnamese to come to the country to bleed the Cambodian people since 1979. Then in 1990 they said no more fighting, after shedding so much Cambodian blood. Everybody wants a cease-fire, but we cannot accept a cease-fire under such circumstances. It would mean giving Cambodia away to the Vietnamese.

An ASSOCIATED PRESS correspondent visited Stoung from 6 to 7 July. He saw with his own eyes that our men liberated an unbelievably vast area. He said that our men were in complete control of the population and that Khmer Rouge soldiers in the area were respectful of our officers. He also said that the local people believed that only Samdech Euv could bring peace and independence back to the country and that the people were all behind the samdech. All of this was made possible by the sacrifices of all of you, patriotic fighters.

In conclusion, I express gratitude on behalf of our Samdech Euv and the Cambodian people as a whole to you for the many years of good services you have rendered to the nation. Our National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia will not fail to reward you as our heroes. [applause]

VONADK on 'Panic' Situation in Phnom Penh

BK0808031890 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian
2315 GMT 7 Aug 90

[Text] According to reports from secret resistance forces and people in Phnom Penh, for the past few days the city has been in panic and is constantly insecure. To this day, there is still no electricity in Phnom Penh. At night, news is heard about people wearing strange costumes and carrying bombs and plastic explosives entering certain parts of the city. These people have been spotted here and there, according to these reports.

Vietnamese enemy ringleaders and traitors Hun Sen and Heng Samrin, Vietnam's lackeys, cannot sleep and are constantly worried and afraid. They do not know when they are going to be hit by bombs or plastic explosives. In offices and public places in Phnom Penh, people talk constantly. Some say strange men were spotted the

previous night carrying bombs and firearms entering Pochentong [western suburb of Phnom Penh in which the airport is located]. Others say that last night people in Tuol Kork [northwestern suburb of Phnom Penh] were panicking because persons carrying bombs were seen entering the area and that on the previous night, three or four people with plastic explosives were seen riding motorcycles in front of the puppet and traitorous Defense Ministry, Vietnam's lackey. Others say they saw three persons with black cloth wrapped around their head with eye slits carrying bombs and pistols entering Stoeng Meanchey [southwestern suburb of Phnom Penh]. Yet others say when this happens—news heard of strange people frequently spotted at many places carrying bombs, plastic explosives, and firearms—soon there will be explosions hitting the Vietnamese enemy and traitorous ringleaders Hun Sen and Heng Samrin, Vietnam's lackeys, just like the previous times.

This has kept Phnom Penh in constant panic and insecurity.

VONADK Notes SRV Troops Sent 28, 30 Jul

BK0508034890 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian
2315 GMT 4 Aug 90

[Text] 1. The Hanoi Vietnamese aggressors sent 300 fresh troops already disguised as puppet soldiers, transporting them on a five-ton ship up the lower Mekong River through Kaoh Thom, Leuk Dek, and Kien Svay Districts, Kandal Province, and unloading them in Phnom Penh on 28 July.

2. On 30 July the Hanoi Vietnamese aggressors sent 11 truckloads of 330 fresh Vietnamese troops already disguised as puppet soldiers through the Phnum Den route via Kirivong and Kaoh Andet Districts and Takeo Town, and brought them to Trapeang Andaeuk commune in Chhuk District, Kampot Province.

VONADK Says 960 SRV Troops Sent 31 Jul

BK0408020490 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian
2315 GMT 3 Aug 90

[Text] On 31 July, the aggressor Hanoi authorities sent 32 truckloads of about 960 fresh Vietnamese troops in Cambodian soldiers' uniforms from Vietnam to Cambodia. These fresh Vietnamese troops were trucked from the border through Route 7 and then sent across the Mekong River at Tonle Bet township where they were forwarded westward via Kompong Cham Province. When it reached Skuon township, the truck convoy turned to Route 6, stopped for two nights in Kompong Thom town, and then went by Route 12 to the provincial town of Preah Vihear.

VONADK on Two Vessels Sunk in Kompong Cham

BK0408020990 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian
2315 GMT 3 Aug 90

[Excerpt] On 29 July, seven fraternal people and Cambodian soldiers jointly attacked Vietnamese motorboats carrying war materiel along the Mekong River in an area between Khnhong and Moha Tiek in Moha Khnhong commune, Koh Sotin District, Kompong Cham Province. In this attack, these fraternal people and Cambodian soldiers sank two enemy motorboats and all the war materiel on the boats and killed five Vietnamese enemy soldiers. [passage omitted]

Indonesia

Li Peng Continues Visit, Discusses Relations

Holds Talks With Suharto

BK0708054090 Jakarta Domestic Service in Indonesian
0500 GMT 7 Aug 90

[Text] President Suharto and Chinese Prime Minister Li Peng held tete-a-tete talks at the Merdeka Presidential Palace in Jakarta today. Tonight, President Suharto will host a state banquet at the State Palace in honor of visiting Premier Li Peng.

Meanwhile, tomorrow, the two heads of states will witness the two foreign ministers, Ali Alatas and Qian Qichen, signing the memorandum of understanding on the resumption of bilateral diplomatic relations, thawing the long-frozen ties between the two countries. The two countries will also sign a bilateral trade agreement.

Attends Banquet

BK0708154590 Jakarta Domestic Service in Indonesian
1500 GMT 7 Aug 90

[Text] The president and Mrs. Suharto hosted a dinner banquet in honor of visiting PRC Prime Minister Li Peng and his wife at the State Palace this evening. The banquet was preceded by an exchange of gifts between the two sides. The president and Mrs. Suharto presented a kris, a tea set, and books on Indonesia to their guests. The president and Mrs. Suharto in turn received a painting of flowers with Chinese characters praising the Sino-Indonesian friendship, a piece of silk, and a box of ginseng.

The banquet was also attended by the vice president and Mrs. Sudharmono, cabinet ministers, and Armed Forces Commander General Try Sutrisno.

Suharto Delivers Speech

*BK0808072590 Jakarta Domestic Service in Indonesian
0000 GMT 8 Aug 90*

[Report by station correspondents Suratno and Hardianto on the state banquet hosted by Suharto for visiting Chinese Premier Li Peng in Jakarta on 7 August—portions recorded]

[Excerpts] The president and Mrs. Suharto hosted a dinner banquet in honor of visiting PRC Prime Minister Li Peng and his wife, Zhu Li, at the State Palace last evening. [passage omitted]

[Unidentified correspondent] Opening his speech, President Suharto said Premier Li Peng's visit is a new historical milestone in relations between our two countries and two races. It signifies the thawing of ties that had been frozen for almost 25 years. In another part of his speech, President Suharto touched on the history of Sino-Indonesian relations and the decision of the two sides to enter into a new level in bilateral relations.

[Begin Suharto recording] We have concentrated our attention mostly on bilateral relations. We paid more attention to our relations than on looking back at the past. The history of relations between our two countries has indeed been one of ups and downs. Many important changes have taken place in our respective countries in a quarter of a century. The world has undergone similar changes. It would be unjust and unrealistic if those of us who are living now as well as in the coming generation should continue bear the burden inherited from history.

We have agreed to draw the most valuable experience from the history of our relations. We have agreed to use our valuable experience for the enhancement of a new chapter in relations between our two countries and two races for the future. We are jointly determined to restore relations between our two countries and the two races based on the Bandung Principles which both our countries adopted with great responsibility 35 years ago at the historic Asia-Africa conference. We have even added the principle of peaceful coexistence which, among other things, states that relations among nations must be founded on the mutual respect of each other's sovereignty and noninterference in the internal affairs of other countries. Therefore, it is our common hope that with the resumption of diplomatic relations we will see the reestablishment of interrupted friendship and the restoration of positive cooperation based on the above-mentioned principles.

In view of that, we have agreed to embark together on a new phase of relations between our two countries and two races, imbued with a new spirit, new steps, and new goals. We have agreed to normalize diplomatic relations between our countries [words indistinct] in 1990 whereby our ministers will sign a memorandum of understanding and a trade agreement, which both of us will witness. With the world situation undergoing

dynamic changes and reaching for new hopes, the current visit of Premier Li Peng to Indonesia becomes more significant.

I am pleased with the talks we have had, both in connection with the future of Sino-Indonesian bilateral relations and on regional issues. Our exchange of ideas will deepen our mutual understanding. I place high hopes on the new chapter of Sino-Indonesian bilateral relations, that is that at we will be able to forge and expand relations between the two most populous countries. [end recording]

Li Peng Speaks

*BK0808051190 Jakarta ANTARA in English 0309 GMT
8 Aug 90*

[Text] Jakarta, Aug. 8 (ANTARA)—Visiting prime minister of the People's Republic of China (PRC) Li Peng said here Tuesday night that the resumption and development of relations between Indonesia and China were conducive to peace, stability and development in the region.

We highly appreciate President Suharto's wise decision on resuming Indonesia's diplomatic relations with China, Li Peng revealed at a state banquet hosted by President Suharto at the State Palace.

Indonesia was one of the countries that first established diplomatic relations with the People's Republic of China, he said. He pointed out that together the two countries contributed to the maintenance of peace and stability in the Asian region.

Having traversed a tortuous course in bilateral relations, the two countries have gradually restored economic and trade contacts and well as personnel exchanges in recent years, he went on.

Despite the vicissitudes in the international arena, China will steadfastly pursue an independent foreign policy of peace and it sincerely hopes to maintain and develop friendly relations and cooperation with all other nations, he disclosed.

We highly appreciate the increasingly important role of ASEAN in international affairs as a regional group working for peace, he revealed, adding that the Chinese Government had always attached great importance to the development of friendly relations and cooperation with ASEAN countries.

Although China differs with the ASEAN countries in social systems, this difference should not become an obstacle to the establishment and growth of friendly relations between the two sides, he stressed. International practice has proved that state-to-state relations are not determined by similarities and divergences in social systems and ideologies, he pointed out.

He expressed confidence that as long as the five principles of peaceful coexistence and the ten principles of the

Bandung Conference were strictly followed, countries with different social systems and ideologies could surely coexist in amity and conduct mutually beneficial cooperation.

China will, on the basis of those principles, develop friendly relations and cooperation with the ASEAN countries, and will support ASEAN in the efforts to maintain regional peace and strengthen regional economic cooperation, and to turn Southeast Asia into a zone of peace, freedom and neutrality, he promised. China is ready to expand exchanges and cooperation with ASEAN nations in the economic, trade, scientific, technological, cultural and other fields on the basis of equality and mutual benefit, he said.

Commenting on undergoing changes in the world, Li Peng said dramatic and profound changes of the international situation had a complicated impact on the world. While the relaxation of tension, the alleviation of military confrontation and the elimination of certain regional hot spots have provided new opportunities for the creation of world peace, factors causing instability in the world are increasing, and some regions are still plagued by tension and turbulence, he pointed out.

As the economic gap between the developed and the developing countries is further widening, the developing countries are confronted with even greater challenges, he said. Therefore, it is indeed necessary for them to strengthen unity and work for the establishment of a new international political order and a new international economic order, he added.

Alatas, Qian Qichen on Ties

BK0808065790 Jakarta ANTARA in English 0558 GMT 8 Aug 90

[Text] Jakarta, Aug 8 (OANA-ANTARA)—Indonesian Foreign Minister and his Chinese counterpart Qian Qichen at the Merdeka Palace here Wednesday signed a Memorandum of Understanding (MOU) marking the re-opening of diplomatic relations between the two countries after a 23-year break. In the short but historic ceremony, also present were President Suharto and Chinese Premier Li Peng.

Jointly signed as well on the same day was a new bilateral trade agreement between the two largest countries in East Asia. Based on the agreement, the governments of Indonesia and the People's Republic of China (PRC) will give special attention, with respect to the issue of taxation, to each other's export commodities.

Following the signing of the MOU and the new trade agreement, President Suharto asked Li Peng, Qian Qichen, Zheng Tuobin (Chinese Trade Minister), Alatas and Mardiono to pose together for a group photo.

Later on, Minister Alatas told newsmen that the follow up of the diplomatic ties resumption would be the appointment of the Indonesian ambassador to the PRC and the Chinese ambassador to Indonesia. The PRC has

shown us a building and a plot of land which can temporarily be used as the Indonesian Embassy building in Beijing, he said.

Asked on the readiness of Indonesia to enable the PRC to open its embassy here shortly, Minister Alatas said we have carried out similar preparations. The foreign minister further said that both countries were now preparing for the sending of advance teams to discuss more follow-ups of the diplomatic ties resumption. By early September Indonesia will have sent its team to Beijing, he said.

Meanwhile Chinese Foreign Minister Qian Qichen said that the re-opening of diplomatic relations would be gladly accepted by the world. Therefore, we will open our embassy in Jakarta as soon as possible, he added. However, for the first phase, the two governments have agreed to open a provisional representative office in each other's capital, Qian said.

Li Peng on Cambodia, Iraq

BK0808114490 Kuala Lumpur BERNAMA in English 0959 GMT 8 Aug 90

[By Sukardi Abdul Ghani]

[Text] Jakarta, Aug 8 (OANA/BERNAMA)—China Wednesday reiterated its unequivocal support for ASEAN efforts to help find a comprehensive solution to the 12-year old Cambodian conflict.

Stressing the importance of a negotiated settlement as the best prospects for peace, Prime Minister Li Peng said participation of the four warring factions was equally important to reach a settlement that would be acceptable to all Cambodians. "I doubt that without their full participation the complicated problem can be resolved once and for all," he told a packed conference here.

Speaking through an interpreter, Li Peng, who arrived here on Monday to mark the resumption of diplomatic ties between China and Indonesia, also expressed China's support for the international conference on Cambodia, co-hosted by France and Indonesia, to resume in Paris. "I welcome a proposal that the four warring factions hold their meeting here before attending the talks. China agrees with this proposal. It can be convened here," he said.

He added: "It is important at the present stage for the factions to come to terms over the establishment of the national supreme council (NSC) that should be headed by Prince Norodom Sihanouk. "We believed the setting up of the NSC will provide momentum to the eventual peace in the war-torn country."

Li Peng, who earlier held talks with Indonesian leaders on the problem, said China supported all the three resistance factions and not the Khmer Rouge only. He said: "China will never support the Khmer Rouge to pursue power through the battlefield. We are seeking for

just and durable solution in that country. In this relation, we are totally opposed to an armed struggle to come to a settlement."

Elaborating on China's supply of arms to the Khmer Rouge, he pointed out that the other countries were also supplying arms to the other factions. He said: "(Our intention here) is to help them fight against the Vietnamese invasion of Cambodia and to call on Vietnam to totally withdraw its troops under UN supervision."

During the one-hour press conference Li Peng also spoke on the Sino-Indonesian ties, political changes in Eastern Europe and the situation in the Middle East following Iraq's invasion of Kuwait.

"The normalization of Sino-Indonesian relations is not only in the interest of the two countries but will help strengthen friendship between China and ASEAN countries and safeguard peace and stability in the region," he added.

Reaffirming China's policy of non-interference in the domestic affairs of other sovereign countries, he said: "We will never resort to armed struggle to resolve international disputes."

He made clear that the thorny issue of dual citizenship held by some ethnic Chinese in Indonesia should be solved through the legal process and for them to abide by the laws of the country of their choice once they have made their decision on the nationality they chose. Some 300,000 Chinese became stateless in Indonesian when they opted for Chinese nationality in the early 1960s but they failed to leave the country when bilateral ties were severed in 1967.

Summing up of other issues affecting the two countries, Li Peng said: "Let bygones be bygones. We are happy to open a new and fresh chapter on bilateral ties."

He said though China is not the main supplier of arms to Iraq, it would cease supply in accordance with the UN resolution. China fully supported the UN Security Council's call to Iraq to withdraw unconditionally from Kuwait, he added. On the involvement of military powers in the Middle East, he said it would not be conducive to peace prospects and it would also complicate the conflict further.

Further Comments

BK0808115090 Jakarta ANTARA in English 1011 GMT 8 Aug 90

[Text] Jakarta, Aug 8 (OANA/ANTARA)—Chinese Premier Li Peng stated Wednesday that if Vietnam pulled out all its military forces from Cambodia under the supervision of the UN, China would also stop the aid to the conflicting parties in the country.

During a press conference attended by about 60 foreign and local newsmen, the 62 year old premier further said that both Indonesian Foreign Minister Ali Alatas and his

Chinese counterpart Qian Qichen shared the opinion that the prolonged Cambodian conflict [words indistinct] had always supported Indonesia and other ASEAN countries (Brunei, Malaysia, the Philippines, Singapore and Thailand) in finding a comprehensive solution to the more than 11 year problem. China and the other members of the UN permanent fives have also launched several efforts to solve it, he explained.

However, it is the four conflicting factions in Cambodia themselves which will be able to find the best solution, he said adding that China would support as well the initiative of Indonesia as the co-chairman of the Paris international conference on Cambodia (PICC) to bring the four conflicting factions to the negotiating table in Jakarta.

Through such a policy, it is expected that a supreme national council (SNC) which will be able to channel the aspirations of all Cambodians can be soon set up, he said. It is the SNC that should occupy the UN seat on behalf of the Cambodian people, he said adding that Prince Sihanouk apparently was the most suitable figure to chair the council.

The Chinese premier, who is in the Indonesian capital to attend a ceremony marking the resumption of Indonesia-China diplomatic ties after a 23 year break, also stressed that both Indonesia and China should increase the frequency of consultations to settle the Cambodian problem.

Touching on the Iraqi invasion in Kuwait, Li Peng asserted that China as a member of the United Nations Security Council, fully supported the resolutions 660 and 661 which demanded the unconditional withdrawal of Iraqi troops. We hope that the UN efforts could create a better situation through coordination with the Gulf Cooperation Committee (GCC), he said.

Commenting on the presence of U.S. military forces in the Middle East after the Iraqi occupation in Kuwait, Li Peng said China in principle opposed the use of military forces in the Middle East because the situation in the region was very critical. Any interference by big countries would only worsen the situation, he stated. However, if Saudi Arabia wants to invite the U.S. military force to protect its country, we respect such decision, he continued.

He also explained that China would stop its arms supply to Iraq. But, according to him, China was actually not a main supplier of arms to Iraq. China only sells arms in small number to Iraq, he said.

Minister Says OPEC Members To Keep Quotas

BK0808130590 Jakarta ANTARA in English 1004 GMT 8 Aug 90

[Text] Jakarta, Aug 8 (OANA/ANTARA)—Indonesian Minister of Mines and Energy Ginanjar Kartasasmita said that all OPEC members would stick to the agreed

quotas adopted at the end of last month, even though there was an increasing oil demand on the world market as the result of the Iraq-Kuwait crises.

Speaking to reporters after opening an energy workshop 1990 here Wednesday, Ginanjar said that he had contacted the OPEC president and the ministers of mines of Saudi Arabia, the United Arab Emirates [UAE] and Iran to discuss the latest developments of oil prices and the necessary steps to be taken.

None of the OPEC members has the intention to take advantage of the present situation, he said adding that he had received statements from Iran, Venezuela, the UAE and Saudi Arabia on their attitudes to maintain the quota agreement reached by OPEC last month. He said that in anticipating the price development resulted from the high demand on the world market, OPEC countries would not take the unilateral steps, but they would try their best to jointly stabilize the price based on the July agreement at 21 U.S. dollars per barrel.

The situation at present is rather sensitive so that if there was a violation by one of the members, it would disrupt the unity which is difficult to improve, he said.

Minister Ginanjar ensured that industrialized nations and consumer countries such as Japan, the United States and Europe should not necessarily feel panicked in connection with the development of oil prices because they still had enough stock to meet their need. He said that they could even use two million barrels per day of their stock. Japan and other industrialized countries had enough stock for 140 days and 90 days respectively, he added.

They are panicked because they are not ready to face such a situation and because of the 'game' applied by brokers who are trying to take the advantage of the current situation, Ginanjar said.

OPEC itself, he went on, expects that the oil price would return to 21 to 22 U.S. dollars per barrel because a high price—which lasts for long—would eventually lead to a world recession.

Referring to a resolution of the Security Council of the United Nations calling on all U.N.'s members to boycott Iraq, Minister Ginanjar said that consultations between his ministry and the Ministry of Foreign Affairs were going on to take the right steps. It is now a longer problem of oil only but also a problem which has developed into sensitive external affairs, he said. [sentence as received]

Laos

Nouhak Phoumsavan Interviewed on SRV Visit

BK0508110790 Vientiane Domestic Service in Lao
1200 GMT 31 Jul 90

[Text] On the occasion of his official friendship visit to the SRV 23-28 July, Nouhak Phoumsavan, member of

the Lao People's Revolutionary Party [LPRP] Central Committee Political Bureau and chairman of the Supreme People's Assembly [SPA], granted an interview to a correspondent of the Vietnamese national radio in Hanoi. In his interview, first of all, Nouhak Phoumsavan pointed to the purposes and significance of his visit to Vietnam.

He said: I am very pleased to have the honor of visiting the SRV—the birthplace of great President Ho Chi Minh. I am elated over the fruitful achievements scored by the fraternal Vietnamese people in carrying out their modification in many fields, in particular in agricultural production. Following the modification, the value of dong has been stabilized step by step, the economic relations with foreign countries have been broadened, and the material and spiritual life of the people has been improved daily. All these have reflected the correct and talented leadership of the elegant, glorious Communist Party of Vietnam [CPV] with respected Comrade General Secretary Nguyen Van Linh as its head.

My visit to the SRV on this occasion is aimed at contributing to consolidating and strengthening the special solidarity and all-around cooperation between Laos and Vietnam under the new circumstances in which our two peoples are scoring new achievements in carrying out the modification in their respective countries. For this reason, my visit is seen as significant.

Asked about his views on the future of Lao-Vietnamese relations and cooperation, SPA Chairman Nouhak Phoumsavan said: Vietnam and Laos are two fraternal countries which have shared weal and woe and fought shoulder to shoulder for common ideals. The struggle jointly carried out throughout the past period of national liberation revolution, as well as the present struggle and the struggle to be continued in the future, on the arduous, staggered revolutionary path full of sacrifices has led to the establishment of pure, special solidarity and all-around cooperation between the two parties, two states, and two peoples of Laos and Vietnam. These special relations, solidarity, and all-around cooperation were founded and nurtured by great President Ho Chi Minh and later became a basic factor to determine victories of the Lao and Vietnamese revolutions.

I am pleased to see that the special solidarity and all-around cooperation between Laos and Vietnam have improved with each passing day. Noteworthy is that the signing of the joint statement between Comrade Nguyen Van Linh, general secretary of the CPV, and Comrade Kaysone Phomvihane, general secretary of the LPRP, in Vientiane in July 1989 marked a new milestone of the development of the said relations.

Under the new circumstances of today as well as in the future, I believe it is necessary to strengthen further the Laos-Vietnam special solidarity and all-around cooperation. This should be done to achieve a new quality on the basis of the principles of respecting one another's independence, sovereignty, and equality. It would also

achieve mutual benefits with a view to pushing ahead the revolutionary causes of Laos and Vietnam to victory and to positively contributing to the movements of struggle for the cause of peace, national independence, democracy, friendship, and cooperation in this region of the world.

When asked further by the correspondent about the achievements scored by the Lao people in carrying out modification, Nouhak Phoumsavan replied: Through the implementation of the modification policy set forth by our party, the Lao people have successfully scored achievements in the initial stage. For example, they have achieved new steps of development in production, in particular agricultural production. Markets have been broadened; the circulation and distribution of goods have been carried out in an ever more favorable way; prices of goods have become more stable; the economic relations and cooperation with foreign countries have been broadened; the people's living conditions have been improved; the people's sense of self-mastery has been enhanced step by step; and the political tranquillity and social order have been also strengthened with each passing day.

Nevertheless, we still have to strive further to overcome difficulties in many fields. The aforesaid initial achievements of the Lao people have resulted from the precious support and assistance given, in the spirit of friendship, comradeship, and fraternity, to the Lao revolution by the party, state, and people of Vietnam. On this occasion, I would like to express gratitude to the party, state, and people of Vietnam for their precious support and assistance. I also wish the fraternal Vietnamese people new, still greater achievements in carrying out their cause of modification.

Government Signs Trade Agreement With Poland
*BK2807101890 Vientiane KPL in English 0908 GMT
28 Jul 90*

[Text] Vientiane, July 28 (KPL)—A trade agreement between the Governments of Laos and Poland was signed here yesterday by Lao Deputy Minister of Trade and Tourism Mr. Thongvan Phanlasavong, and Polish Ambassador to Laos Mr. Marian Fronczek.

The document stipulates detailed measures for strengthening friendship and cooperation between the two governments. This includes development of bilateral trade interaction on a mutual benefit basis.

Mr. Khamphoui Keoboulapha, minister of trade and tourism, witnessed the signing ceremony.

Sali Vongkhamsao Reports on Financial Work
Installment Six

*BK0608124090 Vientiane Domestic Service in Lao
0030 GMT 30 Jul 90*

[Sixth installment of part one of "Report on Financial Work During the Past 15 Years and New Direction and

Primary Functions of Financial Work," presented by Sali Vongkhamsao, vice chairman of the Council of Ministers and minister of economy, planning, and finance, at the first nationwide financial conference held in Vientiane on 21 June—read by announcer; for fifth installment of part one, see page 41 of the 3 August East Asia DAILY REPORT]

[Text] At the same time, we feel that the efficiency of the investment in establishing those enterprises is still low and has affected the state budget revenue and economic growth. This can be attributed to certain factors such as the bureaucratic and state-financing management mechanism before 1986, a poor business accounting system, production determined by higher echelons, lack of responsibility in sales promotion, which is normally regarded as the work of trade organizations, and unawareness of market demand. Many enterprises have been operating at a loss and relying on state subsidies. For example, the state had to give them special exchange rates to enable them to purchase production equipment and make a profit.

Superficially, many enterprises look profitable. In fact, they are operating at a loss. In mid-1986, the government switched, on an experimental basis, four state enterprises under the Industry Ministry to a new business accounting system and granted them the right to business autonomy. These enterprises are Lao Electricity Company, the Beer and Soft Drink Company, the Lao Tobacco Company, and Lao Plywood Company. At the initial stage, these companies have registered larger profits and contributed considerable amounts of money to the state budget. Subsequently, they expanded their businesses nationwide. But a large number of state enterprises are still unable to operate satisfactorily. They cannot generate any profit and are even indebted, nor can they fulfill their obligations to the state budget.

Take 141 enterprises under the central control, for example. They are expected to pay 19.3 billion kip as a contribution to the state budget this year. However, during the first five months of 1990, they could pay only 643 million kip or 33 percent of the whole year's target. The reasons for this situation are that most of the factories are old and lack spare parts and budget for repair and maintenance. Moreover, their production costs are high because they use obsolete technologies. Therefore, they cannot compete with goods from the West in the markets. These factories produced agricultural tools, cement, sugar, fish sauce, and others. The newly established factories and state enterprises such as the animal feed factory, (Nonglat Khvai) project, and (Nong Seko) project often come across the problems of raw material shortages and inability to cope with strong market competition because they were not well planned in advance. The management system of factories and state enterprises is dubious and must be restructured.

We do not yet have a complete set of rules and regulations to control the operation of state enterprises. At present, bad elements are taking advantage of loopholes

in various rules and regulations for personal gain. As the country has not yet promulgated the enterprise accounting law, many companies do not keep accurate accounting records of their revenues and expenditures. Hence, the state agencies concerned are unable to check their financial conditions. As a result, the collection of state revenue is minimal. Worse still, punitive measures have not been taken to deal with the wrongdoers in a timely manner.

Aware of these shortcomings, the government therefore experimentally shifted state enterprises in Vientiane Municipality and other provinces to other forms of ownership. Some enterprises have been leased or sold to the private sectors. Many operate on the state-private partnership basis. If these experiments are carried out effectively, we will be able to secure a steady flow of state revenue. In many cases, haste, subjectivism, and lack of good coordination among sectors concerned have brought about many adverse consequences and eventual failure to fulfill the obligations to the state. The state has lost much from such phenomena. For example, leasers of Santiphap and Ekkalat Hotels in Vientiane Municipality have delayed the fulfillment of the obligations to the state. The Council of Ministers has promulgated resolution No. 17 dated 16 March 1990 to provide guideline for turning state enterprises to other forms of ownership and it is now being implemented thoroughly nationwide. This resolution, if faithfully implemented, will ensure success to a certain extent.

During the past 14 years, the organizational and assignment system of financial cadres nationwide was directed by the state-supporting financial management mechanism. Such an organizational system is neither centralized nor unified, lacks technical supervision, and it is inconsistent. Generally speaking, cadres are of low quality and lack specialized skills, understanding of new concepts, qualifications, and a sense of responsibility. These shortcomings coupled with irrational job assignments have led to severe shortage of cadres to work in the areas of finance, accounting, and tax collection.

In the financial field, there has been shortage of personnel to work for the treasury, state accounting, and other related sectors. Moreover, undertakings in connection with budget planning, accounting, banking, trade, cooperation with foreign countries, and other related activities are redundant and very confusing and have not been well coordinated. No particular individual is responsible for their effectiveness. Financial cadres of high and medium qualifications are less than 10 percent of the total number.

Subsequently, unqualified cadres have been assigned to work in this field in many localities. This is the main reason for the limited inefficiency of the financial work. For example, in Champassak Province, there are 110 cadres working in the finance, economy, and planning sector. But only 30 percent of them have been educated in finance. The remainder are recruited from the Armed Forces, other sectors, and high school graduates. The

situation is similar to those in other provinces. Generally speaking, the organizational system of financial cadres from the central down to local levels has not been unified and is weak in many aspects.

Decrees Issued on Promulgation of Five Laws

*BK3007143190 Vientiane Domestic Service in Lao
0500 GMT 30 Jul 90*

[Text] On 27 July the acting president of our country issued decrees on the enforcement of the Inheritance Law, Court Fee Law, Law on the Establishment of the Bank of the Lao People's Democratic Republic [LPDR], and the Property Ownership Law. The decrees read:

Based on the resolution of the 2 December 1975 nationwide Congress of People's Representatives on the appointment of the president of the republic and the resolution of the Fourth Extraordinary Session of the Second Supreme People's Assembly [SPA] on the endorsement of the Inheritance Law No. 3/90 SPA dated 10 July 1990, the president of the LPDR issues the following decree:

Article 1: To promulgate the Inheritance Law.

Article 2: This decree goes into effect the day it is signed.

Based on the resolution of the 2 December 1975 nationwide Congress of People's Representatives on the appointment of the president of the republic, based on the Law on the SPA No. 4/SPA dated 19 April 1988 of the Lao People's Democratic Republic [LPDR], and based on the resolution of the Fourth Extraordinary Session of the Second SPA on the endorsement on the Court Fee Law No. 5/90 SPA dated 10 July 1990, the president of the LPDR issues the following decree:

Article 1: To promulgate the Court Fee Law.

Article 2: This decree goes into effect the day it is signed.

Based on the resolution of the 2 December 1975 nationwide congress of people's representatives on the appointment of the president of the republic, based on the Law on the SPA No. 4/SPA dated 19 April 1988, and based on the resolution of the Fourth Extraordinary Session of the Second SPA on the endorsement of the Law on the Establishment of the Bank of the LPDR No. 4/90 SPA dated 10 July 1990, the president of the LPDR issues the following decree:

Article 1: To promulgate the Law on the Establishment of the Bank of the LPDR.

Article 2: This decree goes into effect the day it is signed.

Based on the resolution of the 2 December 1975 nationwide congress of the people's representatives on the appointment of the president of the republic, based on the Law on the SPA No. 4/SPA dated 19 April 1988, and based on the resolution of the Fourth Extraordinary Session of the Second SPA on the endorsement of the Law on Ownership of Property No. 1/90 SPA dated 10 July 1990, the president of the LPDR issues the following decree:

Article 1: To promulgate the Law on Ownership of Property.

Article 2: This decree goes into effect the day it is signed.

Based on the resolution of the 2 December 1975 nationwide congress of the people's representatives on the appointment of the president of the republic, based on the Law on the SPA No. 4/SPA dated 19 April 1988, and based on the resolution of the Fourth Extraordinary Session of the Second SPA on the endorsement of the Law on Contracts No. 2/90 SPA dated 10 July 1990, the president of the LPDR issues the following decree:

Article 1: To promulgate the Law on Contracts.

Article 2: This decree goes into effect the day it is signed.

[Dated] Vientiane, 27 July 1990

[Signed] Phoumi Vongvichit, acting president of the republic

Philippines

Reportage on Iraq-Kuwait Situation Continues

Aquino Issues Press Statement

HK0708104590 Manila Radio Veritas in Tagalog
0900 GMT 7 Aug 90

[Statement by President Corazon C. Aquino as read by Press Undersecretary Lourdes Siytango from Malacanang Palace—live or recorded in English]

[Text] Filipino workers said to have been captured were actually caught by the conflict inside the compound of the oil facility complex where they were working. Our information is that they are safe as long as they stay inside the place.

We have also taken steps, both through our diplomatic and labor agency channels, to ensure their safety as well as the safety of all Philippine nationals in the area of hostility. Secretary Torres is leaving for Saudi Arabia today with this mission and to personally see to the execution of the contingency plans.

We will support all peaceful means to resolve this dispute, including those within the framework of the United Nations. Specific measures proposed, however, will have to be decided upon in light of their merits in each given case, depending on the facts and circumstances prevailing and taking into account our own national interest. The scenario for United Nations' force intervening militarily appears remote at the moment.

As I said yesterday, our existing agreement with the United States requires prior consultation with our government for military combat operations involving American facilities in these bases outside the scope of our mutual defense treaty.

Manglapus Comments on Response

HK0808055190 Manila BUSINESS WORLD in English
8 Aug 90 p 12

[Text] The Philippines will go along with the United Nations Security Council's call of a worldwide trade embargo but will not go as far as condemning Iraq for its invasion of Kuwait, Foreign Affairs Secretary Raul Manglapus said yesterday. In response to queries about how the Philippines would respond to the present Middle East conflict, Mr Manglapus would only reply: "We are members of the UN. We will abide by the decision of the security council."

A briefing paper made available by the DFA [Department of Foreign Affairs] yesterday, however, recommended that "no condemnations be made."

"One must take into consideration the distinct probability that Saddam Husayn may very well get away with his geopolitical adventure and emerge as the undisputed leader of the Middle East. The Philippines must at all cost refrain from antagonizing Iraq. At most, we should continue our original position of only supporting the UN efforts at mediation," the DFA paper, prepared by the Office of Middle Eastern Affairs, suggested.

The current embargo will deal the Philippines, already reeling from political, economic and natural crises, an even more painful blow. "Much of the Philippines' oil supply is from Iraq and Kuwait," the DFA paper notes.

There are 50,000 Filipinos in Kuwait, close to 5,000 in Iraq, more than 400,000 in Saudi Arabia, 20,000 in Qatar and 50,000 in the United Arab Emirates.

Last July 26, in response to queries from then acting DFA Secretary Manuel Yan, envoy to Kuwait Mauryag Tamano stated that reports of an impending Iraqi "threat of attack not true." This was followed by a message from envoy to Iraq Akmad Sakkam on July 27 that described Iraqi president Saddam Husayn as a "calculating man" and which downplayed "any likelihood of invasion," a summary of DFA communications from its missions abroad revealed. Both envoys are Muslim political appointees.

Despite his questionable political ties, envoy to Jordan Pacifico Castro had the only correct assessment of the situation. On July 27, he warned the DFA that the "threat of Iraqi invasion is real for two reasons: 1) the unpredictability and temperamental nature of Saddam Husayn; and 2) that Iraq sees the current joint UAE [United Arab Emirates]-US naval exercises as provocative and assessed as a possible diversion for an Israeli attack, such as occurred during the 1981 bombing of the Iraqi nuclear plant."

The US last July 24 announced the 'short-notice exercises' in the Persian Gulf with the UAE. The exercises were conducted some 960 kilometers from the Kuwait-Iraq border.

A DFA analysis paper paints a picture of Saddam Husayn as a "megalomaniac with a personality cult to rival Josef Stalin's...who sees himself as heir to Gamel 'Abd-al-nasir's vision of pan-Arabism...and a leader in the Islamic crusade against Israel...driven by an obsession for greatness for Iraq and his immortality in history."

According to the DFA, he possesses the Middle East's most powerful army, a million-strong juggernaut supported by the latest in Soviet armor and French aircraft with ballistic missiles and advanced chemical weapons. Iraq is also believed to possess nuclear devices. Last April, US and British undercover agents caught Iraq agents in an attempt to purchase electronic capacitors to be used for detonating nuclear bombs.

Missile Weapons

The DFA paper expressed concern "the conflict may escalate to the use of missile weapons which may contain chemical, bacteriological or even nuclear weapons."

Israel, a senior DFA official pointed out, "can be presumed to have its own nuclear capability and...under this present situation...may possibly try a preemptive move."

He defended the Philippines' "soft" stance vis-a-vis the conflict. "It's not our fight. Bakit pa tayo magpapabida (why should we try to play the hero)?" he asked, pointing out that "the Arab states themselves seem to be more concerned about appeasing Saddam Husayn, than controlling him." Aside from various Kuwaits now in exile, no Arab governments have condemned the Iraqi invasion.

As this developed, President Aquino said the Philippine Government has taken steps—both through diplomatic and interagency channels—to ensure the safety of Philippine nationals in Kuwait and Iraq. She revealed that Labor Secretary Ruben Torres has been sent to Saudi Arabia to oversee safety precautions "and personally see to the execution of the contingency plans."

Mrs Aquino issued this statement following reports that a number of Filipino workers remain stranded inside an oil facility complex in Kuwait, caught by the conflict inside the compound.

Peaceful Means

The President also said the Philippines "will support all peaceful means to resolve this dispute," even as she emphasized that specific measures proposed "will have to be decided upon in the light of their merits in each given case, depending on the facts and circumstances prevailing and taking into account our national interest."

National Security Adviser Rafael Ileto expressed doubts on the viability of using the various U.S. military facilities in the Philippines in the event the U.S. decides to pose a retaliatory stance against Iraq. While admitting that the U.S. bases in the country have previously been utilized by the U.S. during major military operations, Mr Ileto said geographical considerations make the motion

less practicable in this case, "(The U.S. bases) were used during the Vietnam war ... as a transit position for servicing naval vessels and aircraft, so they (U.S.) might use them again ... But as I see it, the Philippines is too far away from Iraq."

Mr Ileto said the possibility hinged greatly on the U.S.'s armed forces requirements, even as he stressed that the Philippines has little say on the matter. "I don't think we (Philippines) are in a position to influence decisions of that nature. This is a big league game, (and) we are too small to try to influence them (U.S.) on what they are supposed to do, militarily speaking."

Use of Bases

In the Upper Chamber, senators yesterday cautioned the executive department against allowing the United States to use its bases in the country as a launching pad for military operations in the warring states.

Senator Juan Ponce Enrile branded as "foolish" the possible use of either Subic Naval Base or Clark Air Base since it would take seven to eight hours to reach the Persian Gulf from the Philippines.

He added that the Americans can use their bases either in Oman or Diego Garcia which are nearer to the conflict.

Also yesterday, the Senate voted to constitute itself as one committee to look into the effects of the Iraq-Kuwait war on the country's energy resources. As proposed by Senator Enrile, the Upper Chamber will also look into the economic, social and political effects of the Middle East conflict.

Senate President Jovito R. Salonga appointed Senator Vicente T. Paterno, economic affairs committee chairman, to head the body whose members will include the chairmen of concerned bodies such as the committees on finance, public services, trade and commerce, foreign relations, labor, national defense and security, and natural resources, among others.

Sen. Paterno observed there is no "focal point" in the executive department's inquiry into the issue. "Judging from the statements issued from the Guest House from the past few days, the confidence on (Malacanang) handling the situation may be questionable," said the Cavite solon.

He maintained that the Senate should provide the needed policy direction by Government on the oil issue. "There is a vacuum that needs to be filled urgently. It is a national emergency," he added. Sen. Enrile said the inquiry would touch on the country's level of oil reserves, extent of crude lifting, financial resources to respond to price increases, contingency plans, foreign exchange implications and politics behind the issue.

Senator Neptale A. Gonzales, finance committee chairman, said he had asked the office of Sen. Salonga to discreetly conduct its investigation on the matter, while

Senator Ernesto M. Maceda, defense committee chairman, asked that Executive Secretary and Philippine National Oil Co. chairman Catalino C. Macaraig, Jr. be invited to testify on the oil reserves.

Ileto on U.S. Bases Use in Crisis

HK0708115790 Manila Radio Veritas in Tagalog
0900 GMT 7 Aug 90

[Text] National Security Adviser Rafael Ileto clarified that the United States has the sole jurisdiction to decide on whether or not they would use their military facilities in the country in case the U.S. enters into war with Iraq. He added that the Philippines has no power at all to influence any decision of the United States on military issues.

[Begin recording in English] [Ileto in progress] ...I don't know. This will depend upon the development, the strategic development if it will amount to that. They might be used or maybe. It depends upon the U.S. Armed Force requirement. But as I see it, it's too far from Iraq. It is quite a way from Iraq.

[Reporter] Would you recommend, should the U.S. Government suggest [passage indistinct]?

[Ileto] I think we are not in a position to influence decisions of that nature. I guess this big league game... we are [words indistinct] trying to influence them now on what they are supposed to do militarily speaking. I guess...

[Reporter, interrupting] [words indistinct] up to what extent [words indistinct]?

[Ileto] Well, service their own ... [changes thought] That is being used even before during the Vietnam war, during the ...[changes thought] that time they used this as a transit position for servicing naval vessels and air... [end recording]

Meanwhile, in another development, National Security Adviser Rafael Ileto stressed that it was in President Aquino's power to decide on the kind of investigation to be conducted in connection with the shoot-out between NBI [National Bureau of Investigation] and PC-CIS [Philippine Constabulary-Criminal Investigation Service] agents this past month.

Ileto also questioned the manifesto released by the PC officials questioning the presidential fact-finding committee's order stopping all investigations into the case.

[Begin Ileto recording in English] There have been demonstrations [words indistinct] before and that has been allowed in our military. There are a few things that have been abnormal but have been allowed. I guess, just follow-up, but it cannot be made a big issue. It is not. They made a big issue.

[Reporter] What would you recommend to the president regarding this particular issue?

[Ileto] Well, I think there have been investigations going on, just proceed with the investigation. [end recording]

'Potentially Explosive' Situation

HK0808093990 Manila THE MANILA CHRONICLE
in English 7 Aug 90 p 4

[Editorial: "Aquino Facing an Ignited Fuse"]

[Excerpts] The Iraqi invasion of Kuwait illustrates the vulnerability of the Philippines to the instability caused by the shifting of the balance of power in the Middle East, from which the country imports most of its oil supplies. The fact that its vulnerability is shared by such industrial giants as Japan, which does not produce a single drop of oil to fuel its dynamic economy, is not a consolation. [passage omitted]

The inflationary effect of increased oil prices on the Philippine economy is well known. Oil prices carry one of the heaviest weights in the composition of inflation rate. Philippine economy planners cannot take this development lightly by reassuring us that the expected oil prices can be absorbed.

With the inflation rate already running at 12.6 percent, further disturbances in the Middle East can force up the inflation rate which, in turn, can fuel unrest. We do not know what immediate policy mix may be formulated to absorb the inflationary impact of oil. Rise in oil prices has a magnifier effect on prices of commodities. This means that the Aquino Government is facing a potentially explosive political situation which cannot be dismissed by optimistic posturings of government economists.

Embassy in Kuwait To Remain Open

HK0808091190 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 8 Aug 90

[By Rey Arquiza from the Department of Foreign Affairs]

[Text] The Philippines will keep its embassy in Kuwait but this does not mean that the country recognizes the newly installed government set up by Iraq President Saddam Husayn there. Instead, this is a symbol of the Philippines' recognition of Iraq as one country, according to Foreign Affairs Secretary Raul Manglapus. [sentence as heard]

Manglapus added that the important thing is the security of the Philippine nationals there and not the so-called finer points of diplomacy.

The Philippine Government will follow the so-called Estrada doctrine in recognizing Iraq. According to Genaro Estrada, a Mexican official who drafted the doctrine, in case of changes in the government of a state, it is not necessary to recognize the newly installed government in order for one state to continue recognizing the other state and to maintain representation there to protect its nationals. The Estrada doctrine is

adopted by several countries as part of the international law and as a basis for recognition of newly installed governments formed through any means.

Earlier, Foreign Affairs Undersecretary Manuel Yan said that the DFA [Department of Foreign Affairs] will first determine the actual situation in Kuwait before deciding on whether or not the Philippines will recognize the provisional government headed by the son-in-law of Iraqi President Saddam Husayn.

ASEAN To Supplement Oil Supply

*HK0808094590 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 8 Aug 90*

[By Rey Arquiza]

[Text] The Association of South East Asian Nations member-countries and other friendly nations will supplement the Philippines oil supply from Iraq and Kuwait. A cut in the supply is threatened due to the war between the two countries. This was announced today by Foreign Affairs Secretary Raul Manglapus saying he had spoken to Malaysia and Brunei and they are allegedly prepared to supply oil in order to augment the the country's 20 percent oil requirement from Iraq and Kuwait. Manglapus will also talk to Indonesia, Mexico, and the People's Republic of China to also supply oil to the Philippines. Manglapus added that in times of emergency or crisis, it is possible to seek help from ASEAN nations in accordance to an agreement signed by ASEAN member-countries on January 1986. He also said that he has reached an agreement with the Philippine National Oil Company to ensure oil supply in the country in preparation to the possible cut of a 20 percent oil supply from Iraq and Kuwait. Manglapus said that the country's remaining oil supply can only last up to 20 September 1990, and that speedy consultation with ASEAN, and other countries who want to help the Philippines concerning its oil supply, should be initiated. According to him, what is important right now is maintaining the oil supply, the oil price being only a secondary issue.

In this connection, Manglapus said that all the Philippine missions in the Middle East continue to operate, and that there is no plan to pull out workers due to the Iraq-Kuwait conflict. He said that Foreign Affairs Assistant Secretary for International Labor Israel Bocobo left this afternoon for Saudi Arabia to assist Labor Secretary Ruben Torres in looking after the Filipinos in the Middle East who may be affected by the conflict. According to Manglapus, there is no grave need to evacuate Filipino workers there to the Philippines now. However, he stressed, that an immediate evacuation plan would be carried out when called for.

In this regard, Manglapus said he will wait for Bocobo's and Torres' report which may provide recent developments with which to base an action or decision on the Filipino workers' situation there. He said he was able to contact Kuwait through the Philippine Embassy in

Jeddah and that the Filipinos there are safe and there is no overwhelming desire to evacuate them to a safer place.

Congressman, Senator React

*HK0808092590 Manila Manila Broadcasting Company
DZRH in Tagalog 0800 GMT 8 Aug 90*

[By Jennifer Postigo and Cesar Chavez from Congress]

[Text] The Philippines will not be endangered even if the United States uses the Subic and Clark bases in its operation against Iraq in the Middle East. This was emphasized by Congressman Jose de Venecia, chairman of the House committee on foreign affairs.

According to de Venecia, an Iraqi invasion of our country triggered by the United States using Clark Air Base and Subic Naval base as launching grounds for operations against Iraq is a remote possibility because such a U.S. move does not mean that the Philippines is directly involved in the conflict between two oil-producing countries.

Congressman de Venecia also explained that during the Iraq-Iran conflict, more than 35 ships from the Subic Base were used in the reslugging of oil tankers in the Persian Gulf. But the action did not endanger the Philippines, he added.

Moreover, the congressman said that under the Manglapus-Shultz agreement, the United States cannot use the military bases for such operations without prior consultation with the Aquino government, hence the Philippine nation need not worry about the use of the U.S. military facilities without approval from our government.

Meanwhile, Senator Ernesto Herrera, Senate labor committee chairman, reiterated his demand that President Aquino take the lead in strongly condemning Iraq for its invasion of Kuwait, adding that the invasion has put the Filipino workers in the Middle East in peril.

In an interview with DZRH news, Senator Herrera said that the invasion will cause a decrease in the country's revenue because many Filipino workers based in the region will be returning home for fear of war there. He stated that the Philippines should join the superpowers and the United Nations in imposing economic sanctions against Iraq as a form of condemnation of the Iraqi action.

[Begin Herrera recording in English—in progress] ...for supporting of the action of the United Nations but I would have liked to see the Philippine Government taking additional steps, like condemning the action of Iraq because the Filipino workers in Kuwait were affected by the action of Iraq and this would mean also a reduction in our income from the remittances of these workers. And this behavior of Iraq, if it is not stopped, you can expect that Oman will also stop some of their development activities. They will use whatever resources they have to strengthen their Army. And that would mean that the 35,000 Filipino workers working in Oman

will also be affected. And the other Filipino workers in the United Arab Emirates, Bahrain, because they are scared of this action of Iraq. If we do not stop Iraq, it will affect the entire Middle Eastern countries. And remember, there are over a million Filipino workers in the entire Middle East. That is why I feel that the Philippine Government should make a very strong condemnation about the action of Iraq together with the other countries. The United States has done so and the other superpowers. The Philippines should join them. [end recording]

Kuwaiti Dinar Trading Halted

HK0808061590 Manila Far East Broadcasting Company in Tagalog 0100 GMT 8 Aug 90

[Text] The Central Bank [CB] has ordered the Philippine banking system to cease accepting the Kuwaiti dinar after actions taken by other international banks to stop accepting Kuwaiti currency as a medium of transaction.

Only last Monday, the CB was still accepting the dinar exchanging it at the rate of 66.31 pesos for each dinar. An official of a large commercial bank said that the suspension of trading of the dinar would reduce the gross international reserves of the CB. At present, the gross international reserves do not even reach \$2 billion.

Aquino on Use of U.S. Bases

HK0608101590 Manila Radio Veritas in Tagalog 0900 GMT 6 Aug 90

[Report from Malacanang by Gabby Salcedo]

[Text] President Corazon Aquino stressed that in case U.S. bases in the Philippines would be used in connection with the events taking place in the Middle East, that is, the invasion of Iraqi forces into Kuwait, consultations must first take place based on the military bases agreement between the two countries before Washington can act on this plan.

This reaction was gathered from President Corazon Aquino after an interview with U.S. Ambassador Nicholas Platt whereby the Ambassador did not eliminate the possibility that the bases may be used in case the situation in the Middle East, specifically in Kuwait, worsens. It will be recalled that the United States warned Iraq not to push through with any plans to occupy additional territories especially those along the border of Saudi Arabia.

In other reports, President Aquino also confirmed the circulation of coup rumors this past week where it was reported that the Armed Forces were once more placed under red alert. However, she was assured by General Renato de Villa that the authorities had the situation under control.

Meanwhile, President Aquino today met with the freed foreigners: Japanese social worker Fumio Mizuno and U.S. Peace Corps volunteer Timothy Swanson. During the meeting, the two men said that they were ready to

come back to the country to serve the poor. The two foreigners, Mizuno and Swanson, are scheduled to return to their respective countries.

Let us now listen to portions of the news conference which took place today where President Aquino answered important issues on the current situation.

[Begin recording in English] [Reporter—in progress] ...in case the U.S. decides to take military action against the U.S. [as heard] Will you allow the bases to be used for such a purpose? And will you require the U.S. Government to seek your permission before the bases can be used as transit point?

[Aquino] Well, based on our agreement, consultations have to be made with the Philippine Government before any such action will be allowed to take place.

[Reporter] Have they asked you regarding...?

[Aquino] No, no, not yet.

[Reporter] Uh, follow-up. Reports said that a Filipino was among those who was killed when Iraq invaded Kuwait. Have you confirmed this report and has the Filipino been identified?

[Aquino] Well, uh, I have asked Undersecretary Yan about this and he has inquired from our charge d'affaires in Kuwait and also from other sources, and to this day there has been no confirmation. So we really do not know if that information is correct or if that report is indeed correct with regard to the Filipino. But we are still following up on that and I have given instructions to both Undersecretary Yan—because Secretary Manglapus had not yet arrived at that time—and also Secretary Ruben Torres. [end recording]

Aquino Signs Rehabilitation Bill Into Law

HK0708120190 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 7 Aug 90

[Text] President Aquino today signed into law the bill appropriating a 10-billion-peso fund for the rehabilitation of areas affected by the recent earthquake. The newly signed law includes reconstruction of roads, bridges, city buildings and other public infrastructures destroyed during the earthquake.

In a ceremony at Malacanang, the president praised Congress for the swift action of its members over the reconstruction bill. At the same time, the president stressed that the continuing efforts to rise from the damages of the killer quake require not only government action but also support from the private sector.

[Begin Aquino recording in English] I therefore direct all our departments and line agencies involved in this task to rise to the occasion. The rehabilitation work provides us with vast opportunities to show a renewed zeal for public service and to prove to all what this government is capable of.

While our attention is focused on the areas damaged by the recent quake, I would like to assure our countrymen

that our development projects in other parts of our country, particularly Visayas and Mindanao shall go on. I refer in particular to the integrated development projects and the upgrading of transportation covering telecommunications facilities in these areas. But, while the activities in the rehabilitation phase are limited to the provinces and cities directly affected by the quake, the development phase will be for the entire nation. [end recording]

Thailand

ASEAN Lead To Be Followed on Iraq Sanctions

*BK0708153590 Bangkok Domestic Service in Thai
1200 GMT 7 Aug 90*

[Text] Prime Minister General Chatchai Chunhawan told reporters at Government House this afternoon that the country still has enough oil supplies despite the Iraq-Kuwait war; therefore, we should not worry about it. The oil prices may increase or decrease. When the prices go up, they can also go down.

Asked about the safety of the Thai workers in Kuwait, which has been invaded by Iraqi troops, the prime minister said that the situation has no impact on the Thai workers. There should be no problem on this issue. However, the prime minister is concerned about the food supplies of the Thai workers in Kuwait, because there would be a food shortage problem if fighting ensues. It is a desert country. However, the prime minister said we will try to find ways to help them. If the situation returns to normal, we will consider sending food to help them. Answering the question concerning several countries having imposed economic sanctions against Iraq following Iraq's invasion of Kuwait, the prime minister said Thailand will consider this issue and follow the decision to be reached by ASEAN.

UN Resolution Viewed

*BK0808145590 Bangkok Domestic Service in Thai
1200 GMT 8 Aug 90*

[Text] Kopsak Chutikun, official attached to the Foreign Ministry, said this morning that Thailand, in principle, has to follow UN Security Council resolution No. 660 calling on all nations to impose sanctions against Iraq and the new Kuwaiti Government, because the resolution is binding all member countries. Kopsak said, however, that Thailand must study carefully its impacts and the measures that the Thai Government will take in line with the resolution. Regarding this issue, Sitthi Sawetsila, foreign minister and air chief marshal, has proposed to Prime Minister General Chatchai Chunhawan setting up an ad hoc working committee to study the issue. The working committee proposed by the Foreign Ministry comprises representatives from government those agencies concerned, such as the Finance Ministry, Commerce Ministry, Foreign Ministry, National Security Council, Budget Bureau, Labor Department, and the Petroleum Authority of Thailand,

with the Prime Minister's Office Secretariat acting as a coordinator. In addition, the committee will also listen to the opinions of the private sector, which has trade contacts with Iraq and Kuwait.

The official stressed Thailand's policy of maintaining good relations with all countries in the Middle East and of close coordination with ASEAN countries on this matter. Thailand must observe the positions of the United Nations, the Arab countries, and ASEAN before making any decision on recognizing any government. However, we still have not acted on this issue. As a result, any government activities with Iraq and Kuwait have to be temporarily suspended. The private sector will have to consider for themselves whether to continue their trade contacts or to sign any trade agreements, because the government has not taken any moves to ban such dealings.

Kopsak Chutikun said that there is still no decision on whether it is necessary to evacuate Thai workers from Iraq and Kuwait. However, we have discussed preparations for their evacuation if necessary. We also discussed ways to help provide consumer goods for Thai workers in the two countries. The Labor Department has prepared for this in face of economic sanctions imposed against Iraq and Kuwait, each of which imports about 90 percent of its consumer goods.

Ministry Ready To Evacuate Workers From Kuwait

*BK0708151590 Bangkok Voice of Free Asia in Thai
1030 GMT 7 Aug 90*

[Text] Communications Minister Montri Phongphanit said yesterday that he had instructed Thai Airways International Limited to prepare flights to evacuate the Thai workers from Kuwait if the fighting in that country escalates to a critical level dangerous to Thai workers. The Foreign Ministry is working with the Thai Labor Office in Kuwait to help the Thai workers.

Official: Iraqis To Release Workers

*BK0808021990 Bangkok THE NATION in English
8 Aug 90 p 4*

[Text] Deputy Foreign Minister Praphat Limpaphan said yesterday Iraqi forces will soon release the more than 240 Thai workers they reportedly detained during their invasion of Kuwait last week. The Hyundai Co Ltd, a private South Korean firm in Kuwait, told the Thai Embassy there that about 170 of the Thai workers it employs were arrested by Iraqi soldiers while working at a construction site near Kuwait City. Of the remaining workers reportedly detained by Iraqi forces, 26 are employed by the Liah Aggregate Co located near the Iraqi border; about 50 work for a company near the Kuwait International Airport; and eight were reportedly trapped in the high-rise Kuwait Tower in the capital, according to the Foreign Ministry.

Ambassador at Large Kopsak Chutikun on Monday asked the Iraqi Ambassador to Thailand, Munir Shihab

Ahmad [as published], to help verify reports that the workers had been detained by Iraqi forces. Praphat, speaking to reporters yesterday at Government House before attending a Cabinet meeting, said the Foreign Ministry has asked Thai Embassy officials to ask employers of the some 7,000 Thai nationals in Kuwait to temporarily halt operations and urge the workers to stay at home in their resident camps. "If work is continuing the workers must be transported from their camps to the working sites, and because of this Thai workers might be in some danger," Praphat said.

Praphat said he believed Thais in Kuwait probably are not in danger because Thailand has good relations with both Kuwait and Iraq. But Prime Minister Chatchai Chunhawan yesterday expressed concern for the workers because of the possibility of food shortages in the occupied country. Chatchai said the government would try to find a way to send food to the workers. "If [the] situation in the country returns to normal we can send food to them," he said.

The Thai labour attache in Kuwait has so far not received any requests for help from Thai workers there, Deputy Interior Minister Watthana Atsawahem said. Watthana said the Labour Department has urged the labour attache to let Thai nationals in Kuwait know that Thai authorities are prepared to help them return home. He said it did not appear there were any Thais in Kuwait who wanted to return home at this time. But if the situation in Kuwait becomes critical Thai workers will have to be repatriated even if they want to stay, the deputy minister added. Interior Minister Banhan Sinlapa-acha said if workers needed to be brought home his ministry would ask the Communications Ministry to provide Thai Airways International planes for their transport.

Saudi Envoy Condemns Iraq for 'Interfering'

*BK0808145890 Bangkok Domestic Service in Thai
1230 GMT 8 Aug 90*

[Text] Saudi Arabian Charge d'Affaires to Thailand (Muhammad Said Khoja) met Kopsak Chutikun, ambassador attached to the Foreign Ministry, for talks today. The Saudi Arabian official said that Saudi Arabia has condemned Iraq for interfering in the internal affairs of Kuwait, and that it would be unwise for Iraq to invade Saudi Arabia because every country would join with Saudi Arabia against Iraq. There is good news from Saudi Arabia for Thailand. Saudi Arabia has relaxed the rule banning its businessmen from coming to Thailand. The ban was imposed following the murder of Saudi Arabian diplomats in Bangkok. Saudi Arabia will also allow Thai workers to enter or leave Saudi Arabia for work.

U.S. Cambodia, Vietnam Policies Questioned

*BK2707092590 Bangkok BANGKOK POST in English
27 Jul 90 p 4*

[Jacques Bekaert commentary under the rubric "Cambodian Diary": "The Consequences of a Policy Shift"]

[Text] A few weeks ago, following a decision by the US Congress to grant \$7 million in aid to the Nationalist Cambodian Resistance, Radio Phnom Penh described the US move as "erroneous" and said it went against the desire of the Cambodian people. The broadcast even quoted Prince Sihanouk, who, in an interview with journalist T.D. Allman declared that the Americans were worse than the Khmer Rouge because of the hypocrisy of the US position.

Phnom Penh's feelings toward Washington have, of course, changed as American policy has been dramatically modified. Both Hanoi and Phnom Penh are now full of praise for the United States. Which is understandable. Equally understandable is the uneasiness of many of the United States' allies in the region. In the end, unless you have to worry about Congress, upcoming mid-term elections and domestic US politics, what matters is whether the shift in American policy toward Cambodia will help bring peace to Cambodia.

Many American newspapers have described the change as an important step toward a more moral policy. Maybe it is, at least at first sight, because one can say that anything against the Khmer Rouge is "moral." But talking to Vietnam—or to Phnom Penh—is neither moral nor immoral. The only thing really "moral" is to help end the war, the suffering of the people, and bring a "just" solution to this terrible conflict.

The first and immediate consequence of the American decision will probably be an intensification of the war. Why would the Khmer Rouge slow down the pace of their military activity? Since yet another country believes they should not be part of any settlement, from the Khmer Rouge point of view, obviously, their best chance is to bypass the diplomatic process and go for a full military victory. Or at least force the other side into a position of such weakness that either Hanoi or someone else will have to consider another intervention to save the Phnom Penh regime.

The main question in this case is simple: Do the Khmer Rouge have the military might to win the war? They are gaining ground. They now operate in large groups in provinces like Kampot, Kompong Chhnang, Takeo Kompong Cham. They enjoy at least some support in the countryside. If they start shelling and infiltrating Phnom Penh, if they manage to completely isolate provincial capitals, then the situation will certainly become very precarious for the government. This is not the case yet. Maybe it will never be the case. But the American decision could persuade the Khmer Rouge to take the risk of a few major operations.

Mr James Baker and the Bush administration claim they will not abandon the nationalist resistance, the Sihanoukists and the Khmer People's National Liberation Front [KPNLF]. The Secretary of State even suggested that the new US policy will help Sihanouk. Obviously, neither the prince nor the resistance is convinced it is a great help. American officials will have to explain, and one is curious to hear what they will have to say on the subject.

The bitterness of the resistance soldiers and their leaders is not surprising. For almost ten years they have been told, especially by America, to go and fight and die for the salvation of a noncommunist Cambodia. And the United States is certainly among the countries which, in 1981 and 1982, strongly encouraged and urged the Nationalist resistance to join the Khmer Rouge in the coalition. From the resistance's point of view, the new policy does not appear very moral.

It would help if the Americans understood why the Sihanoukists and the KPNLF soldiers are fighting alongside the Khmer Rouge, why the Khmer Rouge still have support. It is not just a matter of power. These Khmers really see Vietnam as a huge threat to the survival of their nation. Rightly or wrongly, but the conviction is there, and it remains a powerful motivating factor.

This is a point the American negotiators should keep in mind when talking to the Vietnamese. Because if the resistance, including the Khmer Rouge, can be reasonably reassured regarding Vietnam's intentions, regarding Hanoi's willingness to accept a credible international supervision of both the military withdrawal and the integrity of Cambodia's borders, it should be much easier to bring it along a negotiated settlement.

There are some positive points to the new American policy. One is the decision to talk directly to Hanoi. It should help Vietnam feel more secure about external threats—including the ever present US imperialist threat so often mentioned by Vietnamese commentators in the past few months. It will be important for Hanoi to convince Washington it is ready to discuss a real political compromise on Cambodia and not just an alignment of the United States on Vietnam's policy, something the US is certainly (or should one say probably) not willing to do.

It will also be important for Washington to keep its allies in the region fully informed. Otherwise, there will be growing suspicions toward Washington among the ASEAN nations, something that at the end will be counterproductive to all. China has been remarkably discreet about the new American policy. Of course, Beijing declared it will keep supporting the Khmer Rouge until she is satisfied the Vietnamese troop withdrawal has been fully verified. It would have been impossible for China to say less. And China is presently rather unhappy about its recent talks with Vietnam. But China is not really anxious to see a total Khmer Rouge victory. She should also be interested in an improvement

of its relations with Washington. The Chinese economy is not doing very well for the moment.

One can imagine that the shift in American policy had some influence on ASEAN's decision to concentrate on the issue of the Supreme National Council. Since there have been signs of an agreement on the question of the Supreme National Council between Prince Sihanouk, Mr Hun Sen and Mr Son Sann, and since there is very little else to go with, why not push for the establishment of the Council to which a voluntary cease-fire is—in theory—linked.

Much remains to be done to define the role of the Council and who will rule Cambodia pending elections. At this point it probably does not matter much who rules Cambodia, and I doubt any other administration—with the possible exception of the Khmer Rouge—will be much better or much worse than the present one. But it matters very much to end the war. To make it possible to have some form of elections, as free and fair as possible, knowing that a general election is not going to transform Cambodia into a model democracy overnight. Some degree of instability is to be expected. Which will be better than war.

The resistance, and many Cambodians inside Cambodia, will argue that the present Phnom Penh regime is communist, that free elections are impossible in communist regimes, and that the vast majority of the people do not want communism. But the Phnom Penh regime is "communist" only in some of its methods, similar to those found in many authoritarian nations, in its desire to maintain for the time being the one-party rule.

When it comes to ideology I doubt the party believes in much more than itself. The question of power is much more important in Cambodia than the question of ideology. Cambodia has no experience in pluralistic democracy. And very few leaders are sincerely ready to share much of their actual or potential power. Communism is on such a decline in the world that old-fashioned Marxist Leninism will soon become obsolete, even in Asia. And peace will not help communism.

Australia Rules Out Recognizing Phnom Penh

*BK0808013190 Bangkok BANGKOK POST in English
8 Aug 90 p 4*

[Text] Australian Foreign Minister Gareth Evans has ruled out recognising the Phnom Penh regime, saying the move would not help end civil war in Cambodia. Speaking to reporters after meeting Prime Minister Chatchai Chunchawan at Government House yesterday, Senator Evans was adamant that a comprehensive solution is the best approach. "Just recognising the Hun Sen regime, resuming flow of aid without addressing the fundamental cores—the role of the Khmer Rouge—would condemn Cambodia to an ongoing civil war," he said.

Asked to comment on prospects for a peaceful settlement, the Australian Minister said he is more optimistic than ever that efforts by various parties converge on the immediate need for a Supreme National Council to handle transitional administration in Cambodia. "Everybody is going down a similar path, with the short-term objective being the formation of a Supreme National Council and a complete, comprehensive political settlement." As far as the composition of the council is concerned, the minister said the exclusion of any Cambodian parties would push the peace process back instead of towards agreement.

Senator Evans, who also discussed Cambodia and Burma with adviser to the Supreme Command, Gen [general] Chawalit Yongchaiyut, said the visit of Chinese Prime Minister Li Peng to Bangkok will be helpful in persuading Beijing to participate in the comprehensive settlement process, especially in light of China's increasing flexibility. The consensus exists to bring the "threads" spun at regional and global level to the reconvening of the Paris International Conference on Cambodia, he said. The minister said his discussion with Gen Chawalit, who has dealt with the Cambodian issue, reinforced his optimism that the comprehensive political settlement is "closer than has been the case in previous times."

Australia sees its role as facilitating the peace process, but it ultimately must be up to direct players such as Thailand, Vietnam and the superpowers that back the respective Khmer factions to pull the settlement together. Canberra once proposed an enhanced United Nations' role for Cambodia whereby the world body would administer Cambodia during the leadup to general elections to sidestep the interim power-sharing issue which has blocked a peace accord.

Asked to comment on Burma, Senator Evans said Australia believes it is still difficult for Canberra to resume aid and economic cooperation unless the military junta heeds the call of the people as expressed in the May general elections. There is an international consensus that the democratic process in Burma should move forward. The minister said it will be helpful if ASEAN finds a way to communicate such a point of view to the ruling junta, in a "private and quiet" manner. Australia, at the same time, has maintained dialogue to promote this idea in Burma. The military, which took power after the September 1988 students' uprising, "must recognise the reality of those votes and respect the will of the Burmese people for a return to democracy," he said.

THE NATION Views GATT Talks in Geneva

*BK2807084590 Bangkok THE NATION in English
28 Jul 90 p 10*

[Unattributed editorial: "Talks on a Knife-Edge"]

[Text] No one ever promised that there would be substantive negotiations in the Uruguay Round this past week. That was what officials of the General Agreement

on Tariffs and Trade [GATT] were insisting with considerable discomfort after only two days of the Uruguay Round's Trade Negotiations Committee meeting in Geneva. True. But GATT director general Arthur Dunkel did fly around the world—stopping over en route in Bangkok to talk to ASEAN—warning of the dire consequences of failure to reach agreement at this meeting on the principles of how to end farm subsidies, liberalize textiles and deal with dumping, investment, intellectual property and services.

Ministers from select GATT members affirmed the target in Puerto Vallarta, Mexico, in April. So did seven world leaders at the G-7 Summit in Houston earlier this month. Instead there is no semblance of agreement. Should we brace ourselves for the collapse of the world's trading system, intensified protectionist aggression by the economic superpowers, and the increased politicization of international economic relations? Not yet, but we are perilously close. The Geneva meeting did come up with a tight schedule of intense work to try to solve the problems that still beset the round. Four months still remain for us to see whether anything will come of the round.

Dunkel stressed on Thursday when the meeting ended that the work would have to be done both in the negotiating rooms in Geneva and in the capitals around the world of the 105 countries participating in the round. He also said that from Oct 8, delegations in Geneva should be headed by officials senior enough to have the authority to make concessions. Most delegations agree that Dunkel cannot be blamed for the disappointment in Geneva. His task, as chairman of the Trade Negotiations Committee, the full forum overseeing deliberations in all 15 Uruguay Round topics, was to set the pace.

Participants did respond to a certain extent by agreeing to the chairmen's reports on the 15 topics, even if those reports did not amount to the profiles of agreement as was the original intention. But once agreement was reached by the United States, the European Community [EC] and Australia to accept the report on agriculture as "a means of intensifying negotiations" nobody wanted to rock the boat by raising new controversies. Dunkel said the talks failed to progress this week because of "the absence of new instructions from a number of capitals in key areas of the round."

Consequently, there was no attempt to narrow any more gaps. One view is that the intention was to maintain the atmosphere of unanimity created in Houston—that for the GATT talks to have degenerated into controversy so soon after Houston would have been a psychological blow. Whether or not the G-7 meeting in Houston was foremost in the minds of delegates, there is some virtue in emerging from the Geneva meeting of the Trade negotiations Committee with a unity of purpose. There are serious doubts about whether there is enough time left to reach agreement and about the political will of participants to come up with a meaningful settlement. We can only hope that the final pronouncements of the

EC delegation are genuine and that they will set the tone for the rest of the GATT trading community.

The chief European Community negotiator, Hugo Paeman, warned against feeling discouraged by the short time left for the immense task ahead and suggested that for negotiators and officials concerned, the European holiday month of August—and indeed the rest of the year—would be dedicated to the Uruguay Round. Asked whether the EC was prepared to make sacrifices in agriculture, the issue that has most frequently threatened to block the talks, Paeman replied: "Oh, absolutely. We will have to make sacrifices in agriculture and other areas." A satisfactory conclusion to the Uruguay round needs sacrifices to be made by all. EC agriculture ministers signalled this week that they were ready to soften up their farming constituents so that significant changes in the Common Agricultural Policy could be introduced. Japanese leaders are already trying to persuade their public to become familiar with the idea of relaxing import bans on rice. The United States will have to resist private sector lobbies seeking to perpetuate protectionism in textiles and aviation.

Only if significant progress is made in the next four months can we start talking about extending the timetable beyond the round's scheduled conclusion in December. The world's trading community would have to be able to say: We are so close to agreement that continuing for another month or two is worthwhile. Even the complicated US process of obtaining a negotiating mandate from Congress could accommodate such a delay in those circumstances. Right now, we are not even approaching that stage. And Thailand? The lack of agreement in Geneva is dangerous for Thailand because it increases the risk of settlements being made in small groups of rich countries. Therefore, Thailand and its allies in ASEAN and the Cairns group of agricultural exporters will have to be even more determined to be represented and to be heard at every single huddle on every single issue, be it technical or related to specific sectors. But for Thailand, the lack of agreement so far has one blessing. Ministers, who complained that they had too little time to look at the implications of Thailand's negotiating position, now have until October to do so. If their complaints were genuine, they will have to devote more time to the Uruguay Round. They do not have to wait for officials to put the talks on the Cabinet's agenda. They will have to be prepared to make sacrifices too—perhaps to lower import duties further or to sign away the right to provide some forms of domestic support or export promotion.

Dunkel warned that when GATT ministers meet in Brussels in December to conclude the round, "ministers will be asked to adopt legal agreements which will often involve changes in national legislation and these, almost invariably, in politically sensitive areas." Thailand is no exception.

Exports Expected To Reach 611,000 Baht

*BK2907143390 Bangkok Domestic Service in English
0000 GMT 29 Jul 90*

[Text] Thailand is expected to export about 611,000 million baht worth of goods this year, a slight decrease when compared to the earlier set target. The Business Economics Department said the prediction was based on the export performance during the first half of this year. It said export earnings from January to June this year had been a little less than the earlier target because of stronger competition from third countries as Vietnam and Indonesia and a weakening of prices of agricultural produce export.

During the 6-month period, Thai exports rose by 15.5 percent to 290,000 million baht, or 47 percent of the country's target of export earning for this year. Exports of light manufactured goods, such as ready-to-wear garment, jewelry, electrical circuits, footwear, and toys, increased considerably while sugar exports slowed down. The department expects exports in the second half of this year to continue to grow at a high rate, especially industrial products.

Commercial Banks Agree To Slow Lending

*BK2807161190 Bangkok BANGKOK POST in English
28 Jul 90 p 17*

[Text] The Government will implement more measures to control the inflation rate if commercial banks fail to slow down their credit extension as instructed by the Bank of Thailand, Finance Minister Pramuan Saphawasu said yesterday. Meanwhile, top executives of all commercial banks, who had a meeting with senior Bank of Thailand officials yesterday, agreed they would try to slow down their lending, particularly those extended to low-priority sectors.

Mr Pramuan said after chairing a meeting of the exchange Equalisation Fund, that he had instructed the Bank of Thailand to control credit extension of commercial banks as the expansion rate in the first half of this year was considered excessively high. "If the expansion of credit extension by commercial banks continues to be high in the second half of the year, it will create more pressure on inflation," he said.

He said if commercial banks failed to comply with the Bank of Thailand's instruction to slow down their lending, the Government would have to implement more measures to ensure inflationary pressure did not increase. "However, at this stage, we prefer to hold talks with commercial banks," he added. Regarding the general economic situation, Mr Pramuan said the growth rate in the first half of this year was satisfactory while the inflation rate was still manageable.

Although the trade deficit in the first six months was as high as 99,285 million baht, higher by 56.89 percent than the red figure in the same period of last year, Mr Pramuan said he was not worried because "our country's

income from service accounts, particularly tourism, has helped offset the deficit." When asked about speculation on land prices, a factor boosting inflationary pressure, Mr Pramuan said a land speculation tax will be imposed "but I cannot say when."

Meanwhile, Assistant Bank of Thailand Governor Ekamol Khirawat said after the meeting between central bank officials led by Governor Chawalit Thanachanan, and commercial bank executives, that commercial banks had agreed with a "request" of the central bank to slow down lending in the second half of this year. Mr Ekamol said the figures submitted by commercial banks to the central bank showed that the total credit extension in the first five months of this year expanded by 13 percent over the end of last year, "and it would be about 15 percent when the figures up to the end of the first half are completely compiled."

He said the whole year's expansion was projected by commercial banks at only 24.39 percent, "but if the credit lending is not slowed down in the latter half, the growth rate is likely to be about 30 percent by the end of the year." An informed source said four commercial banks had extended total loans higher than figures mentioned in plans submitted to the central bank. These banks were Bangkok Bank of Commerce, First Bangkok City Bank, Siam City Bank and Bank of Ayudhya.

Vietnam

Prospects for Normalization of PRC Ties Viewed

BK2807041690 Bangkok THE NATION in English
28 Jul 90 p 10

[By Kawi Chongkitthawon]

[Text] Hanoi—China's intransigent attitude towards Vietnam on Cambodia would be "temporary" and soon both countries would overcome obstacles that have divided them for a decade to pave the way for the normalization of their relationship, according to Vietnamese leaders and diplomats here.

Interviews with Vietnamese leaders including top foreign policy makers indicated an understanding of the unfavourable circumstance faced by China following last year's incident at Tiananmen Square and the outcome of the Tokyo talks on Cambodia last June where the Khmer Rouge boycotted the meeting. The officials said after the Tokyo meeting, Hanoi believed that the outcome could provide a good foundation for Sino-Vietnamese talks to dwell on the issues of the scope of power a supreme national council should enjoy and how the contending Cambodian factions should be disarmed.

They were wrong. The Sino-Vietnamese talks ended in a deadlock with both sides pointing accusing fingers at each other.

After his talks in Hanoi, Chinese Vice Foreign Minister Xu Dunxin said Vietnam's positions on Cambodia and

on the UN role had not changed. Vietnam said China continued to insist that the supreme national council should be made of up of four equal Cambodian representatives of the four factions. "China was rigid and returned to old positions, which are no longer problems in the past months," a Vietnamese Foreign Ministry official said, referring to the China's proposed composition of the interim council.

Other officials blamed China for linking the Cambodian conflict to the normalization process. In a recent interview, Vietnamese Vice Foreign Minister Tran Quang Co questioned China's sincerity in the talks on Cambodia. Co pointed out that China was able to abandon the Afghanistan issue when it decided to have detente with the Soviet Union and the Taiwan issue to achieve better Sino-US ties.

Although the Vietnamese officials felt that China was a bit too hard-headed in slamming the talks, they are confident that brighter days of Sino-Vietnamese ties are in the offing. Le Mai, a vice foreign minister of Vietnam, said that the stalemate in Sino-Vietnam normalization is "temporary."

Despite the latest exchanges of harsh words, trade between the two countries has flourished, especially along the two major posts at Sino-Vietnamese border in Dong Dang of Lang Son and Mong Cai of Quang Ninh.

He said China, which disagreed with the Tokyo meeting, was unable to express its position quite clearly because at that time Beijing's relationship with the West and Japan was hanging in a balance. During that period, Japan was pondering whether to release the 1990-95 aid package to China. "China did not want to antagonize the West at that delicate time. So, Beijing found the forum to express its dissatisfaction," noted Le Mai. He said the impasse of Sino-Vietnamese talks was not the fault of the Vietnamese. But the failure of the Sino-Vietnamese talks on Cambodia was more than skin deep. A Hanoi-based ASEAN diplomat said one of the reasons was that Vietnam rejected China's new approach to end the Cambodian conflict.

During the talks, China proposed a five-stage approach to the peace settlement of Cambodia, with China's participation at every stage. Dunxin suggested that the first stage of discussion should involve only China and Vietnam, followed by a triangular dialogue with the participation of Thailand.

Representatives of the four warring Cambodian factions were to join in the discussion at the third stage with China, Vietnam and Thailand. After that, Laos and Indonesia would have been invited to the discussion with all other participants before the convening of the international conference on Cambodia in Paris, the diplomat said.

China's proposal was not accepted by Vietnam because Hanoi thought this approach was too "monopolized" by

China, characterized by China's participation at every stage. There was to be no bilateral talks between Vietnam and Thailand.

Hanoi supported Thailand's call for a meeting of China, Thailand and Vietnam to discuss the Cambodian conflict. But China rejected the idea, which was formulated by Thailand late last year.

Vietnamese officials here were careful in their assessment of the prospect of Sino-Vietnamese normalization. One top Vietnamese policy maker said sooner or later, normalization will occur as other protagonists elsewhere have also improved their relations.

Le Mai believes that without any improvement, China and Vietnam would be left behind in the global reconciliation among various protagonists in the past. For instance, the Soviet Union has improved its ties with China; China has improved its diplomatic stature by normalizing its relations with Indonesia and establishing diplomatic ties with Saudi Arabia. Under the leadership of President Mikhail Gorbachev, Moscow has created a better image in Southeast Asia and in overall international relations. He said these trends also included the willingness of the US to open a direct dialogue with Vietnam on Cambodia as part of the outcome of the rapid political changes in the world today.

Doubtless, the prospect of the US holding talks with Vietnam, scheduled to take place in New York on August 6, was highly appreciated here. US Deputy Assistant Secretary Kenneth Quinn will hold talks with Vietnamese UN ambassador Tran Xuan Lang.

For one thing, as Le Mai put it, the US-Vietnamese talks on Cambodia will complement the ongoing regional and international discussions on ending the 11-year-old conflict. "The discussions will provide a better atmosphere for the peace effort," said Le Mai, who was a former Vietnamese ambassador to Thailand. He said the United States has good connections with members of ASEAN and Vietnam with the Phnom Penh government. "Together, we hope that the talks will produce concrete results," he added.

Washington supports the non-communist factions in the resistance coalition government fighting against the Hun Sen government in Phnom Penh. He said the US-Vietnamese dialogue would further strengthen peace and stability in the region and rid Southeast Asia of one of its worst hot spots. "Soon Southeast Asia will no longer be divided," he added.

Vo Chi Cong Greet New Hungarian President

*BK0708075990 Hanoi VNA in English 1453 GMT
6 Aug 90*

[Text] Hanoi VNA August 6—State Council President Vo Chi Cong has greeted Arpad Goncz on his election as president of the Hungarian Republic.

In his message, the Vietnamese leader wished the friendship and cooperation between the two countries and two nations continued development in the interests of the two peoples and of peace and social progress.

Flights Increased to Southeast Asian Nations

*BK2907175190 Hanoi Domestic Service in Vietnamese
1100 GMT 28 Jul 90*

[Text] The Vietnam General Civil Aviation Corporation of the Ministry of Communications, Transportation, Post and Telegraph is striving to increase passenger flights to Southeast Asian nations.

During the first six months of this year, the corporation has conducted flights serving more than 204,000 passengers, an increase of 30 percent as compared to the corresponding period last year. International passenger flights accounted for 68 percent of this year's plan norm.

The Vietnam civil aviation sector has implemented 22 agreements on air transportation signed with foreign companies. In the Southeast Asian region, the sector has engaged in eight international routes, maintaining 35 international flights a week to countries in the region.

During the past six months, the sector added flights from Ho Chi Minh City to Kuala Lumpur, Malaysia and vice versa.

Party Directive Issued on Literature, Arts

*BK0108154790 Hanoi Domestic Service in Vietnamese
1100 GMT 27 Jul 90*

["Text" of party Central Committee Secretariat directive on the management of literature and the arts]

[Text] The Secretariat has issued a directive on some issues related to the management of literature and the arts at present. The full text of the directive is as follows:

In order to develop literary and artistic works, bring into full play writers' and artists' potentialities and creativeness, and help the parties concerned improve their sense of duty and work efficiency in the management of literature and the arts at present, the Secretariat would like to call the attention of party committee echelons, state management agencies, and literary and artistic associations to the following issues:

1. Continued efforts are needed to study and strictly implement the Political Bureau Resolution No. 05/NQ/TU dated 28 November 1987 on renovating and enhancing literature, art, and culture management skills; bringing into full play writers' and artists' creativeness; and improving the quality of literary, artistic, and cultural works a step further.

Special efforts must be made to help cadres, party members, writers and artists, and comrades in charge of sectors and mass organizations at all levels clearly realize the extremely important role that literary, artistic, and cultural works have played in materializing revolutionary tasks and in building a new type of socialist man.

It is necessary to see to it that they all know how to help the masses improve their ethics, sentiments, and sense of beauty as well as to meet the people's increasingly high cultural demands.

Improper knowledge of and failure to give special care to talented people will create a vacuum capable of leading to unpredictable serious consequences on the spiritual life and other social activities.

As far as writers and artists are concerned, first of all those who are members of the party, they should strive to cultivate revolutionary morale, socialist ideals, and a profound love for the country and the laboring people. It is important for them to use their works to initiate a strong mass revolutionary movement; to help everyone develop his appreciation for the true, the good, and the beautiful; to protect, give credit to, and commend good models; and to criticize dishonest, cruel, and bad elements. At the same time, they must resolutely oppose all acts of sabotage by reactionary forces; heighten the sense of responsibility toward the national situation; contribute to securing political stability and accelerating the renovation undertaking; safeguard the people's interests; and defend the party, the state, and the path to socialism.

2. Regarding guidance over literature and the arts, it is necessary to firmly maintain the party's ideological orientations and create favorable conditions for the composition, dissemination, and reception of literary and artistic works. Thorough reviews must be made to assess the performance of those in charge of guiding and managing cultural and artistic activities so far. In this way, there will exist conditions for heightening everyone's sense of duty, knowledge, and work style suitable for this complicated and sensitive field of activities. Measures must be worked out to effectively cope with chaos on the literary and artistic front, especially attempts to falsify the truth, deny revolutionary facts, sow discontent, and oppose the party leadership as well as to curb a very destructive trend toward commercialization.

At the same time, efforts are needed to oppose brutal and indiscriminate intervention in and encroachment upon writers and artists' freedom of literary production and their right to engage in cultural and artistic activities. As stipulated under Political Bureau Resolution No. 5, the very objective of the principle governing everyone's freedom of literary and artistic production and citizens' right to conduct criticism is to protect writers and artists' right to compose works as well as to secure correct public opinion about the various literary and artistic works and trends. The Secretariat's Directive No. 52/CT dated 8 June 1989 has provided concrete guidance over this issue.

3. As far as state management is concerned, favorable conditions must be created for composing and publishing good literary and art works, increasing expenses appropriately for activities related to the arts and literature, and ensuring that all arts and letters associations

are capable of working toward achieving financial autonomy and self-management.

Attention must be paid to training and fostering the contingent of writers and artists and enabling them to come to life, as well as to buying literary and art works of ideological and artistic value while developing projects and works of important social and historical significance. It is also necessary to award prizes to artists and writers of outstanding works and subsidize elderly and weak artists who have rendered services to the country, as well as to needy families of deceased artists of meritorious works.

The system of royalties should be improved to ensure that writing fees professional subvention are available for professional artists to lead a normal life with peace of mind to concentrate on their works. Efforts should be made to renovate the management mechanism in the cinematography, video, and theatrical sectors and ensure the legitimate interests of brother and sister composers, producers, and performers.

Literary works must be reviewed and verified before being widely disseminated among the masses. All literary works published before the August Revolution, in areas temporarily held by the enemy during the wars of resistance against the French and Americans, or before 30 April 1975, as well as literary works imported from foreign countries, must be categorically subject to review, verification, and approval by competent echelons prior to dissemination on a large scale.

It is necessary to clearly determine the responsibilities and procedures for the review and verification of literary works at the central and local levels and in all establishments. It is also necessary to set up arts and letters councils—to be called by the shortened name the Council of Arts—at the central and local levels; in various provinces, municipalities, and special zones directly subordinate to the central government; and at the grass-roots level. These councils are to be decided by the heads of the state management organs; the Ministry of Culture, Information, Sports, and Tourism; and the entrusted people's committees or culture and information services. These councils are vested with the function of rendering advice through the heads of the state management organs in judging the value of and disseminating literary works.

It is necessary to determine the principles and methods of dealing with the higher and lower echelons when they offer conflicting opinions in rating or authorizing the publication of literary works. It is also necessary to be realistic in determining orientations even more specifically for Resolution No. 05 of the party Central Committee Political Bureau.

Art and literary works which do not reflect any reactionary nature or bear contents violating the law, opposing the nation and socialism, undermining peace and human dignity, and promoting debauchery and crime are eligible for circulation but must be subject to

evaluation and criticism by public opinion. It is necessary to control and severely deal with the publication of books and works with corrupt contents. Punishment must also be meted out against those responsible at the state management organ and representatives of the agency concerned for authorizing the circulation of literary works that should have been banned.

It is necessary to formulate policies for restricting the publication of art and literary works that are not banned but are not encouraged in light of the present situation. An author whose works have been banned but who still tries to claim the rights of a citizen must be considered a person who has committed an illegal act in a specific literary work.

To incriminate an author for being politically reactionary, we must have concrete evidence and must act according to the state law. If there is insufficient incriminating evidence, we must treat the author concerned as innocent. As for those party members having forbidden works, we must, in the same vein, consider taking appropriate measures as defined by the party code of discipline. We must try to make sure that our legal and disciplinary measures can help those authors who are not miscreants or counterrevolutionaries draw on experience in literary creation without having any negative impact on their cultural and artistic research and creation.

It is necessary to define concrete reasons for postponing or limiting the publication of those works which, though having no reactionary and decadent contents, may, if published, cause difficulties to the implementation of the state policies and law, may have negative effects on national unity, may cause difficulties to international relations and to religious and ethnic motivation work, may have adverse effects on the education of youths, teenagers, and children, may provide the enemy with information necessary to oppose and undermine the regime, etc.

If any work's publication is to be limited or banned, the echelons concerned must provide the responsible authorities concerned with suggestions for making a decision and taking an action. Before a decision is signed, relevant echelons must necessarily consult with the art council concerned and listen to the explanation of the author in question. As for a work regarded as having great creative and research value, if we find it necessary to postpone or limit its publication, we must exchange views with the author concerned, persuading him to sell his script in accordance with the current royalty system for copyright in order to ensure the spiritual and material benefits of the author concerned.

The authors of works whose publication is banned or limited must be given notices from the responsible state organs in which the reasons for these actions as well as the name and position of the signer of the decision must be clearly cited. These authors have the right to file their complaint with the responsible state management organ or with other legal organs concerned. It is necessary to

clearly stipulate that those authors who are being prosecuted, who have a criminal record, who have been stripped of their citizenship, or who have fled abroad, have no right to publish their works.

4. It is necessary to set up party and youth union organizations at the executive committees of various central and local literary and artistic associations and at these associations themselves. These party and youth organizations must, through party members in these executive committees and in literary and artistic associations, exercise party leadership over the associations and bring realistic benefits to members of these associations; must contribute to building literature and the arts in accordance with the party lines and viewpoints; solicit suggestions from lower echelons to the party; and contribute opinions to grass-roots party organizations in cultivating the knowledge of writers and artists so they can qualify for party membership.

State organs in charge of exercising the state management functions toward cultural and artistic activities must closely cooperate with these associations in building literary and artistic advocacies and lines, strengthening material bases for cultural and artistic activities, and caring for the welfare of writers and artists.

The Union of Literary and Artistic Associations, which is a form of alliance among various professional associations at the central level, must have a permanent and compact element whose main duty is to coordinate activities in important issues.

A local literary and artistic association is the site for gathering and training new talents and supplementing the contingents of professional writers and artists who are members of the local National Front committees under the leadership of respective provincial, city, and special zone party committees.

The [party Central Committee] Secretariat delegates the party Central Committee's Ideological and Cultural Department with the duty of working together with various party and youth union organizations as well as with individual party members in various literary and artistic associations and in the Permanent Council of the Union of Literary and Artistic Associations. Through working with these party organizations and party members, it must help the Secretariat draw up directives and resolutions. According to its functions, it must direct the implementation of various policies of the party Central Committee on literary and artistic matters and control the implementation of various party policies and lines on cultural and artistic activities by various echelons, sectors, and mass organizations. Party echelons, comrades in charge of state management organs and comrades in various cultural and artistic organizations must thoroughly understand and formulate measures to satisfactorily carry out the aforesaid points.

The party Central Committee's Ideological and Cultural Department is responsible for monitoring and reporting to the Secretariat the enforcement of this directive.

First Symposium on Rural Development Opened

*BK0208091590 Hanoi VNA in English 0719 GMT
2 Aug 90*

[Text] Hanoi VNA August 2—A two-day symposium on integrated rural development opened here this morning under the sponsorship of the Vietnam Union of Peasants.

Attending this first symposium of its kind are more than 80 researchers of different branches in the country and representatives of the union in many provinces and cities.

Also present are representatives of the United Nations Development Programme (UNDP), the Food and Agriculture Organization (FAO), the World Food Programme (PAM), the International Cooperation for Solidarity and Development (CIDSE) and Oxfam (United Kingdom), and of the Indian, Cuban, Cambodian, Iraqi, Libyan, Swedish, Indonesian, Thai, and Japanese Embassies here.

Hoang Hong That, permanent vice-president of the Union of Peasants, delivered the opening speech. He said:

"For a long time now we have conducted many research projects on national defense and construction, but very few of them about rural development. Recently, a number of ministries and branches of (?universities) began research programmes on rural problems, but these are still very modest in scale and have not yielded the expected results. Indeed, we need concrete and comprehensive research programs and measures to basically change the socio-economic situation in the countryside. It is with this goal in sight that this seminar is convened so that we might together find a feasible and effective rural development strategy for the coming decades."

Nguyen Van Minh, member of the Executive Committee of the union Central Committee, then presented a report entitled "Rural Development—a Strategic Socio-Economic Task."

The Vietnam Union of Peasants now has a membership of more than 10 million, or one fifth of the total number of peasants.